

smallpox, anthrax, and botulism toxin as well as to produce and purchase countermeasures for other dangerous agents, such as Ebola and plague, once safe and effective treatments are developed.

The Senate amendment includes savings of \$3.346 billion over 10 years for medical liability reform.

Conference Agreement

The Conference Agreement calls for \$240.6 billion in BA and \$238.8 billion in outlays in fiscal year 2004. The function totals are \$1,401.2 billion in BA and \$1,396.6 billion in outlays over 5 years, and \$3,375.4 billion in BA and \$3,363.5 billion in outlays over 10 years.

The Agreement reserves \$5.6 billion in funding over 10 years to allow the Department of Homeland Security to procure, for inclusion in the Strategic National Stockpile, countermeasures necessary to protect the public health from current and emerging threats of chemical, biological, radiological or nuclear agents. For Medicaid reform, the Agreement establishes a reserve fund of \$3.3 billion in fiscal year 2004, and \$8.9 billion over 5 years. The fund is budget neutral over 10 years. Other reserve funds in the Agreement include \$161 million in new BA in 2004 and \$50 billion over 10 years to increase access to health insurance for the uninsured; and \$43 million in new BA in 2004 and \$7.5 billion over 10 years for the Family Opportunity Act. Other assumptions include a 1-year extension of certain State Children's Health Insurance Program funds – specifically fiscal year 1998 and 1999 funds that have expired, and fiscal year 2000 funds that are expiring. In addition, the Conference Agreement assumes that Transitional Medicaid Assistance and the QI-1 programs are extended for 5 years. It also assumes funding for abstinence education.

The Agreement assumes savings of \$3.7 billion over 10 years resulting from the impact of medical liability reform on Medicaid, FEHBP, and DOD. The figure reflects an updated cost estimate from the Congressional Budget Office for the 108th Congress.

MEDICARE: FUNCTION 570

Function Summary

This budget function reflects the Medicare Part A Hospital Insurance [HI] Program, Part B Supplementary Medical Insurance [SMI] Program, and premiums paid by qualified aged and disabled beneficiaries. It also includes the "Medicare+Choice" Program, which covers Part A and Part B benefits and allows beneficiaries to choose certain private health insurance plans. Medicare+Choice plans may include health maintenance organizations, preferred provider organizations, provider-sponsored organizations, and private fee-for-service plans. In addition to covering all Medicare-covered services, such plans may add benefits or reduce cost-sharing required by the traditional Medicare program.

House Resolution

The House resolution calls for \$266.5 billion in BA and \$266.9 billion in outlays in fiscal year 2004, an increase of 7.2 percent in BA compared with fiscal year 2003. The function totals are \$1.6 trillion in BA and \$1.6 trillion in outlays over 5 years and \$3.9 trillion in BA and \$3.9 trillion in outlays over 10 years. Over the 2004-13 period, Medicare spending grows by 7.8 percent.

The House budget resolution includes a reserve fund of \$400 billion over 10 years for Medicare modernization and a prescription drug benefit. The \$400 billion amount is equal to the amount the President proposed in his fiscal year 2004 budget. This amount is in addition to the \$54 billion increase in Medicare spending in the Fiscal Year 2003 Omnibus Appropriations Bill.

Senate Amendment

The Senate amendment assumes the President's proposal to provide additional Medicare funds to improve access to prescription drugs for all beneficiaries and to strengthen and modernize the program. This funding is included in a reserve fund, which contains up to \$400 billion for the 2004-13 period.

The Senate amendment also assumes savings of \$7.9 billion dollars over 10 years in Medicare from the passage of medical liability reform. The Congressional Budget Office has determined that limits on medical malpractice litigation would lower the cost of malpractice insurance for physicians, hospitals, and other health care providers and organizations. That reduction in insurance costs would, in turn, lead to lower charges for health care services and procedures, and ultimately, to a decrease in rates for health insurance premiums.

Conference Agreement

The Conference Agreement calls for \$266.0 billion in BA and \$266.3 billion in outlays in fiscal year 2004, \$1,583.3 billion in BA and \$1,583.4 billion in outlays over 5 years, and \$3,867.7 billion in BA and \$3,867.6 billion in outlays over 10 years.

The Conference Agreement includes separate Medicare reserve funds for the House and Senate, each of which provides of \$7 billion in fiscal year 2004 and \$400 billion over 10 years. The \$400-billion level is equal to the amount the President proposed in his fiscal year 2004 budget.

The Conference Agreement also assumes savings of \$11.2 billion over 10 years in Medicare from the passage of medical liability reform legislation. This amount reflects the updated cost estimate from the Congressional Budget Office for the 108th Congress.

INCOME SECURITY: FUNCTION 600

Function Summary

The Income Security function includes most of the Federal Government's income support programs. These include: general retirement and disability insurance (excluding Social Security) – mainly through the Pension Benefit Guaranty Corporation [PBGC] – and benefits to railroad retirees. Other components are Federal employee retirement and disability benefits (including military retirees); unemployment compensation; low-income housing assistance, including section 8 housing; food and nutrition assistance, including food stamps and school lunch subsidies; and other income security programs.

This last category includes: Temporary Assistance to Needy Families [TANF], the Government's principal welfare program; Supplemental Security Income [SSI]; spending for the refundable portion of the Earned Income Credit [EIC]; and the Low Income Home Energy Assistance Program [LIHEAP]. Agencies involved in these programs include the Departments of Agriculture, Health and Human Services, Housing and Urban Development, the Social Security Administration (for SSI), and the Office of Personnel Management (for Federal retirement benefits).

Over the period 1998-03, BA in the function has had an average annual increase of 6.4 percent.

House Resolution

The House resolution calls for \$315.9 billion in BA and \$321.6 billion in outlays in fiscal year 2004. The function totals are \$1,658.0 billion in BA and \$1,672.7 billion in outlays over 5 years, and \$3,524.3 in BA and \$3,543.0 in outlays over 10 years. The reauthorization of the contingency fund in the TANF program causes a one-time spike in BA and outlays during fiscal year 2003 relative to the remaining period of the reauthorization.

The resolution assumes that the TANF block grant, as well as the related child care entitlement to States and other elements of the 1996 welfare reform law will be reauthorized during fiscal year 2003 as passed by the House on 13 February 2003 in the Personal Responsibility, Work, and Family Promotion Act of 2003, which accommodates an additional \$2.4 billion in mandatory spending above the baseline for these programs over 5 years (2003-08). The resolution allows for an additional \$1 billion over 5 years above current law for the mandatory child care entitlement to States.

The resolution also accommodates the President's proposal to offer States an

optional block grant for foster care payments. The resolution assumes \$6.9 billion in 2004 for Foster Care and Adoption Assistance, including the Independent Living program, which provides assistance to youths who are aging out of foster care.

The resolution assumes a decline in Unemployment Insurance benefit payments in fiscal year 2004, relative to 2003, because extended Federal Unemployment Insurance benefits enacted on 8 January 2003 will terminate on 31 May 2003, and because economic assumptions assume a drop in the unemployment rate in 2004.

The resolution seeks to reduce erroneous overpayments in SSI by accommodating \$1.4 billion to conduct Continuing Disability Reviews [CDRs] of SSI Disability recipients to ensure that they are sufficiently disabled to remain eligible for benefits.

The resolution assumes the outlay portions of refundable tax credits contained in the President's economic growth package of tax incentives, together with the outlay effects of making refundable tax credit policies of the 2001 tax cuts permanent. Outlays are assumed for the Earned Income Tax Credit and the Child Tax Credit under these provisions.

The resolution also assumes enactment of legislation such as H.R. 4069 (from the 107th Congress), providing for enhancement of Social Security benefits for women.

Senate Amendment

For discretionary programs, the Senate amendment assumes \$45.7 billion in BA and \$51.5 billion in outlays for 2004. This represents an increase of \$1.7 billion in BA and \$763 million in outlays from the 2003 level. The Senate amendment includes the following specific assumptions.

The Senate amendment includes an additional \$9 million for the Employee Benefit Security Administration for pension protection and employer education.

The Senate amendment incorporates the administration's plan to reform the Federal Employee Compensation Act. These changes will save taxpayers approximately \$80 million over 10 years.

The Senate amendment incorporates a debt restructuring and interest refinancing plan for the Black Lung Trust Fund.

The Senate amendment includes the President's proposal for food and nutrition funding totaling \$41.7 billion for 2004. The Senate amendment increases funding for the Women's Infant and Children program by \$73 million, or 1.6 percent

more than 2003.

The Senate amendment assumes reauthorization the Personal Responsibility and Work Act and therefore assumes an increase above the President's request for the Child Care Development Block Grant. The Senate amendment assumes an increase for 2004 of \$214 million over the 2003 level, a 10.2-percent increase.

The Senate amendment includes the President's proposal to eliminate a discretionary limit on administrative expenditures for the Pension Benefit Guarantee Corporation.

Under the Senate amendment, sufficient budget authority is provided to renew all utilized section 8 housing contracts as contemplated in the 2003 Omnibus Appropriations Bill.

Among mandatory programs in this function, the Senate amendment assumes the President's request to reauthorize the landmark 1996 welfare reform legislation, which replaced the 60 year-old Aid to Families with Dependent Children program with the Temporary Assistance to Needy Families block grant. The Senate amendment also assumes the President's priority to promote healthy marriages, fatherhood and family formation. The Senate amendment is supportive of efforts to capitalize and develop the role of sustainable social services, such as Goodwill, which are critical to the success of moving welfare recipients to work.

The Senate amendment assumes an increase of \$200 million annually above the baseline in the Child Care Entitlement to States.

The Senate amendment also assumes aspects of the President's proposal to enhance Child Support Enforcement collections. Child Support Enforcement efforts will increase collections and direct more of the support collected to children and families.

The Senate amendment assumes the President's Foster Care and Adoption Assistance proposal, providing States with increased flexibility to better design their child welfare system that supports services to families in crisis and children at risk.

Conference Agreement

The conference agreement calls for spending of \$319.5 billion in BA and \$324.8 billion in outlays in 2004, and \$1,706.1 billion in BA and \$1,720.0 billion in outlays over the period 2004-08. Over the period 2004-13, the agreement calls for spending of \$3,686.9 billion in BA and \$3,703.5 billion in outlays.

The conference agreement assumes reauthorization of TANF at the level

requested by the President, which is largely consistent with H.R. 4 as passed by the House on 13 February, 2003. It also provides \$2.0 billion above the baseline level for the mandatory Child Care Entitlement to States, as assumed in the Senate budget resolution. The Agreement assumes funding for the incentive to States to reform child welfare programs as proposed by the President. It also assumes savings from pre-effectuation reviews of applications for Supplemental Security Income benefits.

SOCIAL SECURITY: FUNCTION 650

Function Summary

Function 650 consists of the Social Security Program, or Old Age, Survivors, and Disability Insurance [OASDI]. Under provisions of the Congressional Budget Act and the Budget Enforcement Act, Social Security trust funds are “off budget.” Nevertheless, a small portion of spending in Function 650 – specifically a portion of the budget for the Office of the Inspector General of the Social Security Administration [SSA], the quinquennial adjustment for World War II veterans, and general fund transfers of taxes paid on Social Security benefits – are on budget.

House Resolution

Total on-budget spending in the House resolution is \$14.2 billion in BA and outlays.

Senate Amendment

The Senate amendment assumes the on-budget totals for Social Security will be \$14.3 billion in BA and outlays for 2004 and \$223.8 billion in BA and outlays over 2004-13. The Senate amendment assumes discretionary spending in this function, for the administrative expenses of the Social Security Administration, would total \$4.3 billion in BA and \$4.2 billion in outlays for 2004. This represents an increase of \$0.4 billion, or 11.7 percent, in BA above the 2003 level. The Senate amendment assumes no mandatory increases or decreases in this function.

Conference Agreement

The Conference Agreement calls for on-budget amounts as follows: \$14.3 billion in BA and outlays in 2004; \$83.8 billion in BA and outlays for 2004-08; and \$223.8 billion in BA and outlays over the 2004-13 period. The House accepts the Senate’s method of recording certain pension offsets.

VETERANS BENEFITS AND SERVICES: FUNCTION 700

Function Summary

The Veterans Benefits and Services function includes funding for the Department of Veterans Affairs [VA], which provides benefits to veterans who meet various eligibility rules. Benefits range from income security for veterans, principally disability compensation and pensions; veterans education, training, and rehabilitation services; hospital and medical care for veterans; and other veterans' benefits and services, such as home loan guarantees. There are about 25 million veterans, but over the next 20 years this number will decline by one-third, to about 17 million.

House Resolution

The House resolution calls for \$61.6 billion in BA and \$61.1 billion in outlays in fiscal year 2004, an increase of 5.4 percent in BA compared with fiscal year 2003. The function totals are \$319.5 billion in BA and \$318.2 billion in outlays over 5 years; and \$671.7 billion in BA and \$668.9 billion in outlays over 10 years.

The resolution supports a \$1.3-billion increase in veterans medical care. It assumes the expansions and revisions of mandatory benefits proposed by the administration's fiscal year 2004 budget, as well as: continuation of Dependency and Indemnity Compensation for surviving spouses who remarry after age 55; an increase in auto allowance from \$9,000 to \$11,000 for severely disabled veterans; and accrued benefits for veterans survivors.

Senate Amendment

The Senate amendment assumes levels for this function of \$63.8 billion in BA and \$63.2 billion in outlays. This represents an increase of 10.7 percent, or \$6.2 billion, in BA. The Senate amendment assumes funding of \$693.7 billion in BA and \$689.2 billion in outlays over 2004-13.

For discretionary spending, the Senate amendment assumes \$30.0 billion in BA and \$29.6 billion in outlays for 2004. This represents an increase of 12.9 percent, or \$3.4 billion, in BA over the 2003 level. The Senate amendment proposes to refocus resources to benefit higher priority veterans.

The Senate amendment proposes total net funding of \$29.0 billion for the Department of Veterans Affairs [VA] medical programs. This is an increase of 14.6 percent, or \$3.7 billion, above the 2003 enacted level, and the largest increase for medical care in the past 5 years. This increase will help the VA in its

mission to provide medical care to its core constituency – low-income and service-connected disabled veterans.

The Senate amendment assumes the enactment of legislation to establish the President's proposed \$250 enrollment fee for priority level 7 and 8 veterans. Priority 7 and 8 veterans have ailments that are not service connected and have a higher income than other veterans using the VA hospitals. The enrollment fee would generate offsetting receipts of \$102 million in 2004 for the Medical Care Collections Fund [MCCF].

The Senate amendment also assumes legislation will be enacted to increase the insurance and prescription drug co-payments for Priority 7 and 8 veterans to \$20 and \$15, respectively, as proposed by the President. In addition, the Senate amendment reflects the President's proposal to eliminate both the insurance and prescription drug co-payment for priority level 2 through 5 veterans. These changes in the prescription drug and insurance co-payments would yield offsetting receipts of \$224 million in 2004 into MCCF.

For mandatory veterans programs, the Senate amendment assumes the President's proposal to enact legislation to restore the original interpretation of section 1110 of title 38 U.S. Code will be enacted. Section 1110 prohibits compensation for alcohol or drug abuse that arises secondarily from a service connected disability. In February 2001, the U.S. Court of Appeals decided that section 1110 did not preclude compensation for alcohol or drug abuse arising secondarily from a service connected disability. This proposal would save \$71 million over 10 years.

Conference Agreement

The Conference Agreement calls for \$63.8 billion in BA and \$63.2 billion in outlays in fiscal year 2004. The function totals are \$327.9 billion in BA and \$325.6 billion in outlays over 5 years; and \$693.9 billion in BA and \$689.4 billion in outlays over 10 years. The Agreement assumes no revisions in mandatory programs.

The Conference Agreement provides for discretionary BA of \$29.96 billion for fiscal year 2004, an increase of \$3.4 billion, or 12.9 percent – nearly all of which is expected to be for Department of Veterans Affairs [VA] medical programs. An increase of this magnitude will help the VA in its mission to provide medical care to its core constituency – low-income and service-connected disabled veterans, as well as the cost of medical care for combat veterans returning from Iraq in accordance with Public Law 105-368.

ADMINISTRATION OF JUSTICE: FUNCTION 750

Function Summary

Function 750 supports the majority of Federal justice and law enforcement programs and activities. This includes funding for the Department of Justice, much of the newly formed Department of Homeland Security [DHS], as well as the financial law enforcement activities of the Department of the Treasury, Federal courts and prisons, and criminal justice assistance to State and local governments.

House Resolution

The House resolution calls for \$37.3 billion in BA and \$40.9 billion in outlays for this function for fiscal year 2004. The function totals over 10 years are \$404.2 billion in BA and outlays.

The House resolution fully funds the Department of Homeland Security [DHS] components reflected in this function, including: securing the Nation's borders; enhancing Federal, State, and local law enforcement efforts; stopping terrorist financing; and bringing terrorist conspirators to justice.

The resolution also provides for \$18.7 billion in discretionary funding for the Department of Justice, and thus allows for the hiring of 2,170 new employees, including 1,911 new FBI personnel.

Also in this function, the resolution assumes \$9 million for the mandatory costs associated with creating 62 new Federal judgeships and extending five existing bankruptcy judgeships.

Senate Amendment

The Senate amendment assumes funding for this function will total \$37.8 billion in BA and \$40.9 billion in outlays. This represents a decrease of 2.0 percent, or \$0.8 billion, in BA from 2003. The Senate amendment assumes funding of \$406.4 billion in BA and \$408.7 billion in outlays over 2004-13.

For discretionary programs, the Senate amendment assumes \$33.7 billion in BA and \$37.6 billion in outlays for 2004. This represents a decrease of \$2.6 billion in BA from the 2003 level. The Senate amendment includes the following specific assumptions.

For the Department of Homeland Security, the Senate amendment assumes \$5.6 billion in discretionary funds in 2004 for the Bureau of Customs and Border

Protection, an increase of \$800 million (16.7 percent) more than in 2003. For the DHS Bureau of Immigration and Customs Enforcement, the Senate amendment assumes \$1.4 billion for 2004, an increase of \$0.3 billion or 26 percent more than in 2003. The Senate also adopted an amendment to add \$150 million in BA in 2004 and 2005 for additional port security needs.

For the Federal Bureau of Investigation [FBI], the Senate amendment assumes a total of \$4.1 billion, an increase of \$397 million (10.6 percent) from 2003. This increase would be primarily used for intelligence analysts, surveillance personnel, and field investigators, including cybercrime investigators, as well as to support FBI-led interagency task forces.

The Senate amendment also assumes \$500 million for the Office of Domestic Preparedness to be used exclusively for grants to local law enforcement agencies to combat terrorism.

The Senate amendment assumes two mandatory proposals in the President's budget concerning the extension of expiring Customs user fees. If extended, the combined resulting collections would be \$1.3 billion in 2004 and \$17.8 billion through 2013.

Conference Agreement

The function totals for the Conference Agreement are \$37.6 billion in BA and \$40.8 billion in outlays for fiscal year 2004; \$191.5 billion in BA and \$195.7 billion in outlays over 5 years; and \$406.3 billion in BA and \$408.6 billion in outlays over 10 years.

The Agreement fully funds the President's request for the Department of Justice and the programs and activities of the Department of Homeland Security in Function 750. The Agreement also assumes additional funding for Bankruptcy and other Federal judges.

GENERAL GOVERNMENT: FUNCTION 800

Function Summary

The General Government function consists of the activities of the Legislative Branch; the Executive Office of the President; general tax collection and fiscal operations of the Department of Treasury (including the Internal Revenue Service [IRS]); the property and personnel costs of the General Services Administration and the Office of Personnel Management; general purpose fiscal assistance to States, localities, the District of Columbia, and U.S. territories; and other general government activities. The IRS accounts for about half of the spending in this function.

House Resolution

The House resolution calls for \$19.8 billion in BA and \$19.6 billion in outlays in fiscal year 2004, an increase of 8.8 percent in BA compared with fiscal year 2003. The function totals are \$99.3 billion in BA and \$98.9 billion in outlays over 5 years, and \$206.4 billion in BA and \$203.9 billion in outlays over 10 years.

The House Passed resolution accommodates \$500 million for the newly created Election Assistance Commission. It also assumes the President's mandatory spending proposal to pay financial institutions for their services in lieu of providing compensating balances; and continuation of fiscal assistance provided to the Compact of Free Association between the United States Government and the government of the Federated States of Micronesia.

Senate Amendment

For discretionary programs, the Senate amendment assumes \$17.1 billion in BA and \$16.8 billion in outlays for 2004. This represents an increase of \$1.4 billion in BA from the 2003 level. The Senate amendment includes the following specific assumptions.

The Senate amendment allocates \$10.4 billion for the Internal Revenue Service [IRS], an increase of \$550 million or almost 6 percent over 2003. Of that increase, 50 percent is directed into Tax Law Enforcement [TLE], 23 percent toward Processing Assistance and Management [PAM], and 19 percent for reducing fraud in the Earned Income Tax Credit [EITC] program.

The Senate amendment allocates \$223 million for Payments in Lieu of Taxes [PILT] for 2004, \$23 million more than the President's request. Over the next decade, this translates into an additional \$300 million above the President's request. These payments compensate municipal governments for forgone

revenues stemming from the presence of the Federal Government.

The Senate amendment increases Homeland Security funding within Function 800 by \$214 million in 2004. The additional funds are dedicated to developing the site plan for the new headquarters, converting wireless radio communication to narrowband operations and bolstering security at Federal buildings.

For mandatory programs, the Senate amendment reflects the President's proposal to open ANWR for oil and gas leasing (the total Federal receipts portion appears in Function 950, Offsetting Receipts). The State of Alaska would receive a payment of one-half of the proceeds, or \$1.7 billion in 2006, which is reflected in Function 800.

The Senate amendment assumes that President's \$386 million Financial Agent Services proposal is enacted. Currently, financial institutions that operate major collection and payment programs on behalf of the Federal Government are reimbursed via compensating balances. The President's proposal would instead replace the existing barter arrangement with a more transparent fee-for-service agreement.

In its examination of selected Government programs, OMB determined through the Performance Assessment Rating Tool [PART] that IRS collection efforts do not efficiently utilize its available resources. In response, the President proposes legislation that would permit the IRS to enlist the help of private collection agencies to obtain payment from delinquent taxpayers. The Senate amendment includes \$226 million in mandatory funding in 2004 for this proposal.

Conference Agreement

The Conference Agreement for Function 800 calls for \$20.2 billion in BA and \$20.1 billion in outlays in fiscal year 2004. The functional totals are \$103.9 billion in BA and \$103.2 billion in outlays over 5 years, and \$221.3 billion in BA and \$218.2 billion in outlays over 10 years.

The Conference Agreement reflects the Senate amendment on funding for PILT.

In fiscal year 2004, the Conference Agreement assumes the President's \$386 million Financial Agent Services proposal is enacted. It also assumes that Compacts of Free Association are ratified and therefore accommodates \$19 million for this purpose in 2004.

NET INTEREST: FUNCTION 900

Function Summary

Net interest is the interest paid for the Federal Government's borrowing less the interest received by the Federal Government from trust fund investments and loans to the public. Function 900 is a mandatory payment, with no discretionary components.

On-budget BA and outlays for net interest has gone from \$287.8 billion in fiscal year 1998 to \$239.7 billion in fiscal year 2003, a overall decrease of 3.6 percent per year.

House Resolution

For on-budget interest, the resolution calls for \$256.7 billion in BA and outlays in fiscal year 2004, an increase of 7.2 percent compared with fiscal year 2003. The function totals are 1,659.4 billion in BA and outlays over 5 years, and \$3,910.9 billion in BA and outlays over 10 years. For off-budget interest, it calls for -\$89.8 billion in BA and outlays in fiscal year 2004, a decrease of 6.7 percent compared with fiscal year 2003. The function totals are -\$554.2 in BA and outlays over 5 years, and -\$1,481.3 billion in BA and outlays over 10 years.

The resolution assumes a reduction in interest payments of \$0.3 billion in BA and outlays in fiscal year 2004 and \$5.3 billion in BA and outlays over 10 years. This saving arises from replacing Treasury's compensating balances by a permanent indefinite appropriation (see Function 800) that would result in lower borrowing by the Federal Government.

Senate Amendment

For 2004, the Senate amendment sets forth on-budget levels of \$255.8 billion in BA and outlays. Over the 2004-2013 period, it provides on-budget amounts of \$3,889.2 billion in BA and outlays.

The Senate amendment assumes two additional policies that affect net interest. The first is the President's proposal to pay financial institutions for their services in lieu of providing compensating balances (discussed in Function 800), which results in lower borrowing by the Federal Government and saves \$5.3 billion in interest over 10 years. The second is the Postal Service pension proposal (discussed in Functions 370 and 950), which results in a reduction in interest received by the Federal Government.

Conference Agreement

The Conference Agreement calls for on-budget amounts of 259.4 billion in BA and outlays in fiscal year 2004, and \$4,072.6 billion over the 2004-13 period.

ALLOWANCES: FUNCTION 920

Function Summary

The Allowances function is used for planning purposes to reflect the aggregate budgetary effects of proposals or assumptions that relate to programs in other budget functions. Once such changes are enacted, the budgetary effects are distributed to the appropriate budget functions.

There is no spending history in Function 920 for the reason mentioned above.

House Resolution

The House resolution calls for -\$1.1 billion in BA and -\$0.6 billion in outlays in fiscal year 2004, all of it in discretionary spending. The function totals are -\$1.1 billion in BA and outlays for both the 5-year and the 10-year periods. There are offsets in Functions 500 and 700: \$0.2 billion in BA and outlays in Function 500, for Impact Aid; and -\$1.1 billion in BA and outlays in Function 700 to match the function total with the President's.

Senate Amendment

The Senate Amendment assumes levels for this function would total -\$16.1 billion in BA and -\$8.3 billion in outlays for 2004. Initially, the Committee-reported resolution only assumed discretionary effects in this function (totaling -\$3.9 billion in BA and -\$3.6 billion in outlays for 2004). These assumptions reflected removal of the effects of pay annualization in the baseline (which would reduce discretionary BA by about \$2 billion annually); an alternate growth scenario for the path of nondefense discretionary spending after 2008 (the last year of the President's 2004 budget); and an unspecified offset for an increase in veterans medical care.

During consideration of the Committee-reported resolution, the Senate adopted 10 amendments that provided unspecified discretionary offsets in Function 920 for specific assumptions affecting other portions of the budget, and one amendment for an unspecified mandatory offset in Function 920 for spending increases in Functions 450 and 500.

Conference Agreement

The Agreement calls for -\$7.6 billion in BA and \$22.3 billion in outlays in fiscal year 2004.

UNDISTRIBUTED OFFSETTING RECEIPTS: FUNCTION 950

Function Summary

Offsetting Receipts recorded in this function are either intragovernmental (a payment from one Federal agency to another, such as agency payments to the retirement trust funds) or proprietary (a payment from the public for some kind of business transaction with the Government). The main types of receipts recorded in this function are: the payments Federal employers make to employee retirement trust funds; payments made by companies for the right to explore and produce oil and gas on the Outer Continental Shelf; and payments by those who bid for the right to buy or use public property or resources, such as the electromagnetic spectrum. These receipts are treated as mandatory negative spending.

House Resolution

The House resolution calls for -\$52.9 billion in BA and outlays for this function in fiscal year 2004, reflecting a -\$2.4 billion, or -4.8 percent, increase in receipts (or decrease in spending) compared to the fiscal year 2003 budget. This amount is the baseline for offsetting receipts increased by the reduction (\$2.7 billion) in the Postal Service's contribution to the Civil Service Retirement System. Over the 2004-08 period, BA and outlays are to further decrease by \$16.1 billion due to an average increase for receipts of 5.7 percent per year. Over 10 years, receipts are to total -\$676.0 billion in BA and outlays.

On-Budget Receipts. The resolution calls for -\$42.9 billion in BA and outlays in fiscal year 2004, a decrease of 4.4 percent in BA compared with fiscal year 2003. The function totals are -\$255.0 billion in BA and outlays over 5 years, and -\$539.4 billion in BA and outlays over 10 years. Over the 2004-08 period, on-budget BA and outlays further decrease an average of 5.4 percent per year.

Off-Budget Receipts. The resolution assumes -\$10.0 billion in BA and outlays in fiscal year 2004, a decrease of 6.6 percent in BA compared with fiscal year 2003. The off-budget function totals -\$57.6 billion in BA and outlays over 5 years, and -\$136.5 billion in BA and outlays over 10 years. Over the 2004-08 period, BA and outlays further decrease an average of 6.8 percent per year. The off-budget receipts in this function are agencies' payments to the Social Security trust funds at baseline.

Senate Amendment

The Senate amendment assumes additional offsetting receipts of \$2.15 billion over the 2004-13 period, consistent with opening up the 1002 area of the Arctic National Wildlife Refuge for oil exploration and production in order to decrease our dependence on foreign oil (the payment of a share of these receipts to the

State of Alaska is reflected in Function 800). An amendment to the Committee-reported resolution adopted by the Senate struck the reconciliation instruction to the Senate Energy Committee to report legislation producing that level of savings.

The Senate amendment also assumes legislation (S.380, as cleared for the President on 8 April 2003) that would reduce the Postal Service payment to the Civil Service Retirement [CSRS] trust fund for 2003-05, but then would reinstate and redirect the payment to an escrow fund until Congress can enact subsequent law regarding how the Postal Service should address its retiree health liabilities and other concerns. This proposal would increase the unified deficit by \$7.3 billion over the 2003-13 period. The budgetary effect on the Postal Service is reflected in Function 370, and the effect on the receipts of the CSRS fund are shown in this function (a small interest effect appears in Function 900).

The Senate amendment assumes the President's proposals to extend the authority of the Federal Communications Commission to auction spectrum (which would otherwise expire at the end of 2007) and to impose an efficiency fee on users of spectrum not acquired through Federal auction.

Conference Agreement

On-Budget Receipts. For these receipts, the Agreement assumes -\$42.9 billion in BA and outlays in fiscal year 2004; -\$250.2 billion over 5 years; and -\$540.2 billion over 10 years.

Off-Budget Receipts. The Agreement assumes -\$10.0 billion in BA and outlays in fiscal year 2004; -\$57.6 billion over 5 years; and -\$136.5 billion over 10 years.

The Agreement assumes extended authority to auction the electromagnetic spectrum. It makes no assumption concerning the Arctic National Wildlife Refuge.

RECONCILIATION INSTRUCTIONS

Under section 310(a) of the Congressional Budget Act, the budget resolution may include directives to the committees of jurisdiction to make revisions in law necessary to accomplish a specified change in spending or revenues. If the resolution includes directives to only one committee of the House or Senate, then that committee is required to directly report to its House legislative language of its design that would implement the level of spending or revenue changes provided for in the resolution. Any bill considered pursuant to a reconciliation instruction is subject to special procedures set forth in sections 310 and 313 of the Budget Act.

House Resolution

Section 201. Reconciliation

Section 201 provides for two different reconciliation bills. The first reconciliation bill is designed to stimulate economic growth and to simplify and reform the tax system. It has two separate directives: The Committee on Ways and Means must reduce the total level of revenues by not more than \$35.4 billion for fiscal year 2003, \$112.8 billion for fiscal year 2004, \$387.7 billion for the period of fiscal years 2004 through 2008, and \$662.8 billion for the period of fiscal years 2004 through 2013. It must also increase the level of direct spending by \$4.4 billion in outlays for fiscal year 2003, \$1.1 billion in outlays for fiscal year 2004, \$17.4 billion in outlays for the period of fiscal years 2004 through 2008, and \$23.1 billion in outlays for the period of fiscal years 2004 through 2013. It also requires the Education and the Workforce to increase direct spending by \$3.6 billion for FY2003. These changes must be transmitted to the Budget Committee by 11 April 2003.

The House resolution also instructs 13 committees to reduce spending on programs within their jurisdiction to the Budget Committee by 18 July 2003. The intent of the instruction is to reduce instances of waste fraud and abuse in these program areas. The committees may choose their own methods of complying with the directives. The committees are as follows: Agriculture, Education and the Workforce, Energy and Commerce, Financial Services, Government Reform, House Administration, International Relations, the Judiciary, Resources, Science, Transportation and Infrastructure, Veterans Affairs, and the Ways and Means. Each committee is required to reduce its spending by one percent.

Senate Amendment

Section 104. Reconciliation in the Senate

The Senate amendment instructs the Finance Committee to report legislation by 8 April 2003 to reduce revenues by \$322.5 billion over 2003-2013 and to increase direct spending related to tax policy changes by \$27.5 billion over 2003-2013 (reflected in function 600). The Committee-reported resolution had reconciled

the Finance Committee for a reduction in revenues and an increase in outlays consistent with President Bush's jobs and growth tax relief plan – \$725.8 billion over the 2003-2013 period. During consideration of the Committee-reported resolution, the Senate adopted several amendments that reduced the revenue reconciliation instruction to the Finance Committee.

Conference Agreement

Section 201. Reconciliation for Economic Growth and Tax Simplification and Fairness

Section 201(a) of the Conference Agreement includes a reconciliation directive to the House Ways and Means Committee to report legislation by 8 May 2003 to stimulate economic growth and to simplify and reform the tax system. The committee must reduce the total level of revenues by not more than \$535.0 billion for the period of fiscal years 2003 through 2013, and to increase direct spending related to tax policy changes by \$15.0 billion over 2003-2013

Section 201(b) of the Conference Agreement instructs the Senate Finance Committee to report legislation by 8 May 2003 to reduce revenues by \$522.524 billion over 2003-2013 and to increase direct spending related to tax policy changes by \$27.476 billion over 2003-2013 (reflected in function 600).

Section 202. Limit on Senate Consideration of Reconciliation

Section 202 of the Conference Agreement limits initial Senate consideration of a reconciliation bill reported pursuant to Section 201, or any amendment thereto, to no more than \$322.524 billion in revenue reductions and \$27.476 billion in outlay increases for the period of fiscal years 2003 through 2013, enforced by a 60-vote point of order. The limitation would not apply to a conference report on legislation considered pursuant to this Title.

SUBMISSIONS TO ELIMINATE WASTE, FRAUD, AND ABUSE

Section 301. Submissions To Eliminate Waste, Fraud, and Abuse

Section 301 of the Conference Agreement requires authorizing committees in the House and the Senate to submit findings to the appropriate Budget Committee identifying instances of waste fraud and abuse in programs within their jurisdiction sufficient to reduce outlays by an amount to be specified by the chairmen of the Budget Committees. Such a specified amount must be inserted in the Congressional Record by 19 May 2003. The findings of the authorizing committees must be submitted to the Budget Committees by 2 September 2003. These findings will be used by the Budget Committees in the development of future budget resolutions.

In the House, the authorizing committees directed to report these findings are: Agriculture, Armed Services, Education and the Workforce, Energy and Commerce, Financial Services, Government Reform, House Administration, International Relations, Judiciary, Resources, Science, Small Business, Transportation and Infrastructure, Veterans' Affairs, and Ways and Means.

In the Senate, the authorizing committees directed to report these findings are: Agriculture, Nutrition and Forestry; Armed Services; Banking, Housing, and Urban Affairs; Commerce, Science, and Transportation; Energy and Natural Resources; Environment and Public Works; Finance; Foreign Relations; Governmental Affairs; Health, Education, Labor, and Pensions; Judiciary; Small Business; Veterans' Affairs; and Indian Affairs.

Finally, the Comptroller-General of the General Accounting Office is directed to submit to the Budget Committees a report identifying instances in which the committees of jurisdiction can make legislative changes to improve the economy, efficiency, and effectiveness of Federal programs. The report must be submitted by 2 September 2003.

RESERVE FUNDS, CONTINGENCY PROCEDURES, AND ADJUSTMENTS

House Resolution

Section 301. Medicare Modernization and Prescription Drugs

Section 301 creates a reserve fund for legislation that provides a prescription drug benefit and modernizes Medicare, and provides adjustments to the Medicare program on a fee-for-service, capitated, or other basis. It creates a separate allocation for Medicare and then permits the Chairman of the House Budget Committee to make adjustments to that allocation for such legislation. The committees with jurisdiction over Medicare may report legislation for these purposes, though the adjustment made must be no more than \$7.5 billion in fiscal year 2004 and \$400 billion for fiscal years 2004 through 2013. Pursuant to section 321(d), legislation must be within the allocations provided by the budget resolution in the first year and five-year period. Because of the separate Medicare allocation established in section 301(c), Medicare legislation must be within its allocation in the first year and the ten-year period. For legislation other than Medicare, the applicable allocation is for the first and five-year period.

Section 302. Reserve Fund For Medicaid

Section 302 creates a reserve fund that allows the Chairman of the House Budget Committee to adjust the allocation of BA and outlays to the Committee on Energy and Commerce for any measure that combines funding for Medicaid and the State Children's Health Insurance Program [SCHIP]. The purpose of this reserve fund is to ensure, as a condition for setting any increase in the allocation, the bill is deficit neutral over ten years. The adjustments in the allocations may not exceed \$3.3 billion in new BA and outlays for fiscal year 2004; and \$8.9 billion in new BA and outlays for the period of fiscal years 2004 through 2008.

Section 303. Reserve Fund For Bioshield

In section 303, the Chairman of the House Budget Committee is permitted to adjust the allocation of BA and outlays to the appropriate committees for a bill that establishes a program to accelerate the research, development, and purchase of biomedical threat countermeasures.

The adjustment can accommodate either a discretionary or mandatory program, depending on the structure of the program in the authorizing legislation. If it is mandatory, the adjustment may not exceed \$890 million in new mandatory BA for fiscal year 2004, and \$3.4 billion in new mandatory BA for fiscal years 2004 through 2008. If it is discretionary, the adjustment would be made in the Appropriations Committee's 302(a) allocation for fiscal year 2004 because that allocation is made for only a single fiscal year. If the program includes both mandatory and discretionary components or if two bills are enacted, the maximum adjustment the committee may make in fiscal year 2004 is \$890 million in BA.

Section 311: Contingency Procedure for Surface Transportation

In section 311, the House resolution creates a contingency procedure to permit the Transportation and Infrastructure Committee to increase spending above the level in the budget resolution on highways, highway safety, and transit in the surface transportation reauthorization bill it will consider later this year, should additional resources be made available to the Highway Trust Fund. The offsets may take the form of an increase in receipts to the Highway Trust Fund or a reduction in mandatory outlays from the fund.

Subsection (a) creates a reserve fund that allows the Chairman of the House Budget Committee to adjust the allocation of BA to the Committee on Transportation and Infrastructure for any measure that reauthorizes surface transportation programs and provides new BA for highway and transit spending. The Budget Committee Chairman may make an adjustment to its allocation if the Transportation Committee reports a measure that exceeds the amounts specified in section 311. The adjustment may only be made if it is offset by changes in law, either included in same measure, or by previously enacted legislation. The changes in law may effect either direct spending or receipts must be appropriated to the Highway Trust Fund. The adjustment may be made in the BA allocation for fiscal year 2004 and the 5 year period, but the additional resources must offset the additional BA and corresponding outlays in each year.

Subsection (b) creates a reserve fund that allows the Chairman of the House Budget Committee to adjust the allocation of outlays to the Committee on Appropriations for any measure that sets total obligation limitations greater than \$38.5 billion for fiscal year 2004 for spending from the Highway Trust Fund. In addition, the amount of the adjustment must be offset by increases in resources dedicated to the Highway Trust Fund in fiscal year 2004 as previously referred to in subsection (a).

Senate Amendment

In general, a reserve fund permits the Chairman of the Committee on the Budget to increase the section 302 allocation and other appropriate levels set out in this resolution (including in some cases – see sections 211 and 212 – the discretionary spending limits) once certain conditions specified in the reserve fund have been met. The authority to make these adjustments is solely within the discretion of the Chairman and may be made when the specified committee of jurisdiction reports a measure that satisfies all the conditions set out in the reserve fund.

Section 211: Adjustment for special education

The Senate amendment contains a mechanism to make additional resources available to the Committee on Appropriations specifically for the Part B grant program under the Individuals with Disabilities Education Act (IDEA). The mechanism will make available an additional \$205 million for fiscal year 2004 and \$209 million for fiscal year 2005 after enactment of a bill reported by the Committee on Health, Education, Labor and Pensions reauthorizing IDEA and

only if the appropriators provide more than the base amounts described in the reserve. Additionally, the amendment requires the reauthorization bill to provide an allowance of uniform discipline policies for all students; local fiscal relief; and to minimize the over-identification of students with disabilities.

Section 212: Adjustment for highways and highway safety and transit

The Senate amendment provides a mechanism to make additional resources available to the appropriate authorizing committees and the Committee on Appropriations for highway and transit programs once the reauthorization of the Transportation Equity Act for the 21st Century (TEA-21) is enacted, provided that the reauthorization includes new governmental receipts for the highway trust fund – without increasing the deficit. The amendment makes no assumption with respect to the floor procedures required to bring together the portions of this legislation that fall within the jurisdiction of various committees of the Senate. Therefore the amendment names all three authorizing committees (the Committee on the Environment and Public Works, the Committee on Banking, Housing and Urban Affairs and the Committee on Commerce, Science and Transportation). The amendment further assumes that the additional funding facilitated by this section will be provided in the form of new governmental receipts in a measure reported by the Committee on Finance, net of the 25% income tax offset as is customarily scored by the Joint Committee on Taxation.

Section 213: Reserve fund for Medicare

The Senate amendment provides up to \$400 billion for the period of fiscal years 2004 through 2013 for legislation that improves the Medicare program and makes prescription drugs more accessible for those covered by Medicare. During the markup an amendment offered by Senator Feingold was agreed to which provides that the legislation may also promote geographic equity payments. The adjustment may be made only if the Committee on Finance reports a bill that strengthens and enhances the Medicare program as well as improves the access of beneficiaries to prescription drugs or promotes geographic equity.

Section 214: Reserve fund for health insurance for the uninsured

The Senate amendment provides up to \$88 billion for the period of fiscal years 2004 through 2013 for legislation that provides health insurance for the uninsured. The adjustment may be made only if the Committee on Finance reports a bill that provides health insurance for the uninsured – which may include a measure providing for tax deductions for the purchase of health insurance for, among others, moderate income individuals not receiving health insurance from their employers.

Section 215: Reserve fund for children with special needs

The Senate amendment creates a reserve for legislation that provides states with the option to expand Medicaid coverage for children with special needs. The adjustment may be made only if the Committee on Finance reports a bill that does not exceed \$43 million in new budget authority and \$42 million in outlays

for fiscal year 2004, and \$7.462 billion in new budget authority and \$7.262 billion in outlays for the period of fiscal years 2004 through 2013.

Section 216: Reserve fund for Medicaid Reform

The Senate amendment provides up to \$12.782 billion through 2010 for legislation that reforms the Medicaid program. The adjustment may be made only if the Committee on Finance reports a bill that provides significant reform of the Medicaid program. The adjustments may be made only if the Finance Committee reports a bill that does not exceed \$3.258 billion in new budget authority and outlays for 2004, \$8.944 billion in new budget authority and outlays for the period of fiscal years 2004 through 2008, \$12.782 billion in new budget authority and outlays for the period of fiscal years 2004 through 2010, and is deficit neutral for the period of fiscal years 2004 through 2013 .

Section 217: Reserve fund for Project Bioshield

The Senate amendment provides up to \$5.593 billion over the life of the resolution for legislation that facilitates procurement for inclusion by the Secretary of Health and Human Services in the Strategic National Stockpile of countermeasures necessary to protect the public health from current and emerging threats of chemical, biological, radiological, or nuclear agents. The adjustments may be made only if the Committee on Health Education, Labor and Pensions reports a bill that provides no more than \$890 million in new budget authority (and \$575 million in outlays) for fiscal year 2004 and \$5.593 billion in new budget authority and outlays for the period of fiscal years 2004 through 2013.

Section 218: Reserve fund for the state grant program and ANWR receipts

The Senate amendment provides up to \$250 million per year (beginning in fiscal year 2006) for legislation that provides additional resources for the state grant program funded from the Land and Water Conservation Fund. The adjustment is conditioned upon two events: the enactment of legislation that yields offsetting receipts (reflected in the resolution as a reduction in outlays) from the opening of the Arctic National Wildlife Refuge and subsequent reporting of a bill from the Committee on Energy and Natural Resources that dedicates a portion of these receipts to the Land and Water Conservation Trust Fund for the grant program.

Section 219: Reserve fund for State Children's Health Insurance Program

The Senate amendment provides up to \$1.825 billion in new budget authority for legislation that extends the availability to states of expired State Children's Health Insurance Program allotments (from 1998 and 1999) and expiring 2000 allotments. The adjustments may be made only if the Committee on Finance reports a bill that provides no more than \$1.26 billion in new budget authority (and \$85 million in outlays) for fiscal year 2003, \$1.33 billion in new budget authority (and \$85 million in outlays) for fiscal year 2004, \$1.95 billion in new

budget authority (and \$845 million in outlays) for the period of fiscal years 2003 through 2008, and \$1.825 billion in new budget authority (and \$975 million in outlays) for the period of fiscal years 2003 through 2013.

Section 319: Reserve fund to strengthen Social Security

Section 319 of the Senate amendment was adopted as part of an amendment that reduced to \$350 billion the reconciliation instruction to the Committee on Finance. It purports to hold in reserve \$396 billion to extend the solvency of the Social Security trust funds, but provides no policy directive for how to accomplish this. On its face, it would permit the Committee on Finance to spend \$396 billion on any program so long as it was part of legislation that for instance, reduced benefits or increased the retirement age, and thus extended solvency.

Past practice has been to include the effect of the policies described in a reserve fund in the functional levels and aggregates of the budget resolution but to withhold the funds from the committee's 302(a) allocation. The language of section 319 does not conform to this model. Rather, it entirely eliminates the \$396 billion from the budget – or in other words, reduces the deficit. If the authority in this section were invoked it would result in a \$396 billion increase in the deficit. It is not clear, how a deficit increase would contribute to the solvency of Social Security trust funds.

Section 329: Reserve fund for possible military action and reconstruction in Iraq

Section 329 of the Senate amendment was adopted as part of an amendment that reduced the reconciliation instruction to the Finance Committee by \$100 billion and thus increased taxes by \$10 billion each year 2004 through 2013. It purports to hold this \$100 billion in reserve for the Committee on Appropriations to pay for military action and reconstruction in Iraq over the period of 2003 through 2013. Because this reserve can only be triggered for an appropriations bill, it would more appropriately be a cap adjustment instead of a reserve fund.

Past practice has been to include the effect of the policies described in a reserve fund in the functional levels and aggregates of the budget resolution but to withhold the funds from the committee's 302(a) allocation. The language of section 329 does not conform to this model. Rather it entirely eliminates the \$100 billion from the budget – or in other words, it reduces the deficit by that amount over the 10-year period ending in 2013. If the authority in this section were invoked, it would result in up to a \$100 billion increase in the deficit.

Conference Agreement

Section 401. Reserve Fund for Medicare

Section 401 of the Conference Agreement permits the appropriate Budget Committee Chairman to adjust committee allocations and other appropriate budgetary aggregates and allocations for reported legislation (and amendments thereto, or any conference report thereon) for Medicare-related legislation.

Section 401(a) of the Conference Agreement establishes a Medicare reserve fund for the House. The reserve fund permits the Chairman of the Committee on the Budget to adjust the levels in the budget resolution to accommodate certain Medicare-related legislation. The Chairman may make an adjustment to the separate Medicare allocation to the Ways and Means Committee and the Energy and Commerce Committee for legislation that provides a prescription drug benefit and modernizes Medicare, and provides adjustments to the Medicare program on a fee-for-service, capitated, or other basis. The amount of the adjustment for this legislation may not exceed \$7.0 billion in budget authority and outlays for fiscal year 2004 and \$400 billion in budget authority and outlays for fiscal years 2004 through 2013. The adjustment is made to the separate allocation for Medicare, regardless of the committee that reports the measure.

Section 401(b) of the Conference Agreement sets forth a Medicare reserve fund for the Senate and also provides up to \$400 billion for the period of fiscal years 2004 through 2013 for legislation that improves the Medicare program and makes prescription drugs more accessible for those covered by Medicare. The legislation may also promote geographic equity payments. The Chairman of the Committee on the Budget may make an adjustment only if the Committee on Finance reports a bill that strengthens and enhances the Medicare program as well as improves the access of beneficiaries to prescription drugs and does not exceed \$7.0 billion in new budget authority and outlays for fiscal year 2004 and \$400 billion fiscal years 2004-2013.

The Senate conferees recognize the need to enhance both the benefits and structure of the Medicare program in order to provide a better system for seniors. In addition to providing an integrated prescription drug benefit, the Conferees support efforts to take advantage of competition in order to enhance seniors' medical benefits which are currently lacking in our present system. This could include access to preventive care services, disease management and catastrophic protection against high hospital costs.

While considering benefit expansions, however, it is critical to recognize the long-term unfunded promises in the Medicare program. The President's budget submission includes sobering information on the extent of Medicare's long-term unfunded promises. According to the Medicare Trustees' most recent report, the Hospital Insurance Trust Fund is expected to be exhausted in 2026 – four years earlier than estimated in the 2002 report.

Medicare actuaries project a 75-year unfunded promise to the HI fund of \$5 trillion. However, this only tells half the story. It does not include the Part B program. Medicare beneficiary premiums only cover 25 percent of these costs. The remaining 75 percent of expenses are not covered by any specific or dedicated financing source. The Senate conferees believe it is artificial to separate Part A and B. Policy makers must look at the total expenditures for Medicare. From this perspective Medicare's unfunded promises are \$13 trillion.

Section 402. Reserve Fund for Medicaid Reform

Section 402 of the Conference Agreement includes a reserve fund to reform the

Medicaid program. Both the House resolution and the Senate amendment included reserve funds this general purpose. The reserve fund, which applies in both the House and the Senate, permits the appropriate Budget Committee Chairman to adjust the appropriate committee allocations of the Committee on Energy and Commerce in the House, or the Committee on Finance in the Senate, and other budgetary aggregates and allocations for reported legislation (and amendments thereto, or any conference report thereon) that modernizes Medicaid. The adjustments in the allocations may not exceed \$3.258 billion in new BA and outlays for fiscal year 2004; and \$8.944 billion in new BA and outlays for fiscal years 2004 through 2008, and \$12.782 billion for fiscal years 2004 through 2010.

Section 403. Reserve Fund for State Children's Health Insurance Program

Section 403 of the Conference Agreement retains the reserve fund for the extension of the State Children's Health Insurance Program [SCHIP] included in section 219 of the Senate amendment. The reserve fund, which applies in both the House and the Senate, permits the appropriate Budget Committee Chairman to adjust the committee allocations for the Committee on Ways and Means in the House, or the Committee Finance in the Senate, and other appropriate budgetary aggregates and allocations for reported legislation (and amendments thereto, or any conference report thereon) that extends the availability of expired and expiring allotments of the State Children's Health Insurance Program [SCHIP]. The adjustments in the allocations may not exceed \$1.260 billion in new BA and \$85 million in outlays for fiscal year 2003; \$1.350 billion in new BA and \$105 million in outlays for fiscal year 2004; \$1.355 billion in new BA and \$1.425 million in outlays for fiscal year 2004 through 2008; and \$1.355 billion in new BA and \$1.680 million in outlays for the period of fiscal years 2004 through 2013.

Section 404. Reserve Fund for Bioshield

Section 404 of the Conference Agreement establishes separate procedures in the House and the Senate reserving amounts for legislation providing countermeasures to international terrorism.

Section 404(a) of the Conference Agreement adopts the reserve fund for bioshield included in section 303 the House resolution. The reserve fund permits the House Budget Committee Chairman to adjust committee allocations and other appropriate budgetary aggregates and allocations for a reported measure (and amendments thereto, or any conference report thereon) that establishes either a new mandatory or discretionary program to accelerate the research, development, and purchase of biomedical threat countermeasures. If the program established is mandatory, the adjustment may not exceed \$890 million in new mandatory BA for fiscal year 2004, and \$3.418 billion in new BA and outlays for fiscal years 2004 through 2008. If the program authorized is discretionary, the adjustment may not exceed \$890 million in new mandatory BA for the measure appropriating funds for the new program. If the program includes both mandatory and discretionary components or if two bills are enacted, the maximum

adjustment the chairman may make in fiscal year 2004 is \$890 million in BA.

Section 404(b) of the Conference Agreement adopts the reserve fund for bioshield included in section 217 of the Senate Amendment with minor modifications. The reserve fund permits the appropriate Budget Committee Chairman to adjust committee allocations and other appropriate budgetary aggregates and allocations for reported legislation (and amendments thereto, or any conference report thereon) that establishes a new mandatory program to accelerate the research, development, and purchase of biomedical threat countermeasures. For the adjustment to take place, the measure may provide no more than \$890 million in new mandatory BA and \$575 million in outlays for fiscal year 2004, and \$5.593 billion in new mandatory BA and outlays for fiscal years 2004 through 2013.

Section 405. Reserve Fund for Health Insurance for the Uninsured

Section 405 of the Conference Agreement retains the Senate reserve fund for health insurance for the uninsured included in section 214 of the Senate amendment. The reserve fund permits the Chairmen of the respective Budget Committees to adjust the allocation of BA and outlays to the appropriate committee of jurisdiction in the House, or the Committee on Finance in the Senate, for any measure that provides health insurance for the uninsured (including a measure providing for tax deductions for the purchase of health insurance for, among others, moderate income individuals not receiving health insurance for from their employers). The adjustments in the allocations may not exceed \$28.5 billion in new BA and outlays for fiscal years 2004 through 2008, and \$50 billion in new BA and outlays for the period of fiscal years 2004 through 2013.

Section 406. Reserve Fund for Children With Special Needs

Section 406 of the Conference Agreement retains the reserve fund for children with special needs included in section 215 of the Senate amendment and which was accommodated in the allocations in the House resolution. The reserve fund, which applies in both the House and the Senate, permits the appropriate Budget Committee Chairman to adjust the committee allocations for the Committee on Energy and Commerce in the House, or the Committee on Finance in the Senate, and other appropriate budgetary aggregates and allocations for reported legislation (and amendments thereto, or any conference report thereon) that provides states with the option to expand Medicaid coverage for children with special needs, allowing families of disabled children to purchase coverage under the Medicaid program for such children. The adjustments in the allocations may not exceed \$43 million in BA and \$42 million in outlays for fiscal year 2004, \$1.627 billion in BA and \$1.566 billion in outlays for the period of fiscal years 2004 through 2008, and \$7.462 billion in BA and \$7.262 billion in outlays for the period of fiscal years 2004 through 2013.

Section 411. Contingency Procedure for Surface Transportation

Section 411 of the Conference agreement establishes a separate contingency

procedure for the Highway Trust Fund, which will be reauthorized this session of Congress. The contingency procedure, which applies in both the House and the Senate, permits the appropriate Budget Committee Chairman to accommodate legislation providing additional highway spending to the extent it is offset by additional revenues or a reduction in mandatory spending in the Highway Trust Fund. The procedure permits the Budget Committee Chairmen to increase the 302(a) allocation of the Committee on Transportation and Infrastructure in the House, or the Committee on Environment and Public Works, the Committee on Banking, Housing, and Urban Affairs, or the Committee on Commerce, Science, and Transportation in the Senate, for legislation that provides in excess of the level assumed in the budget resolution but only to the extent to which it has been offset by new revenue or savings in mandatory outlays. The offsets must be dedicated to the Highway Trust Fund and can be made in the same measure or legislation enacted earlier in the 108th Congress. In view of the fact that outlays are determined by obligation limits, subsection (a) also permits the chairman to make a corresponding change in outlays for the committee setting the obligation limits. Again, legislation must have first been enacted to offset the increase in contract authority.

Section 421. Supplemental Appropriations for Fiscal Year 2003

If a measure making supplemental appropriations for fiscal year 2003 is enacted before May 1, 2003, the Chairmen of the Committees on the Budget are permitted to adjust the appropriate allocations and aggregates of budget authority and outlays in the budget resolution to reflect the difference between that measure and the levels assumed in that resolution. The Conference Agreement reflects the President's requested level of \$74.7 billion.

BUDGET ENFORCEMENT

Under section 301 of the Budget Act, the budget resolution may include special procedures to enforce the spending and revenue levels contained in the resolution and the allocations found in the accompanying joint statement of managers.

House Resolution

Section 301(c). Medicare 302(a) Allocation

Section 301(c) creates a Medicare allocation to the Ways and Means Committee and Energy and Commerce Committee. Legislation changing the Medicare program must be offset in the first year and the 10-year period. This allocation may be increased should a reserve fund for specific Medicare modernization legislation be released. Such a measure must provide less than \$7.5 billion in the first year, and no more than \$400 billion over ten years. If a measure receiving a Medicare allocation adjustment also includes budget authority not directly related to Medicare modernization, that non-Medicare spending will be compared to the committee of jurisdiction's allocation.

Section 321. Application and Effects of Changes In Allocations and Aggregates

This section sets forth the procedures for making adjustments pursuant to the reserve funds included in this resolution. Subsection (a)(1) and (2) provide that the adjustments may only be made during the interval that the legislation is under consideration and do not take effect until the legislation is actually enacted. This is approximately consistent with the procedures for making adjustments for various initiatives under section 314 of the Congressional Budget Act. Subsection (a)(3) provides that in order to make the adjustments provided for in the reserve funds, the chairman of the House Budget Committee is directed to insert these adjustments in the Congressional Record.

Subsection (b) clarifies that any adjustments made under any of the reserve funds in the resolution have the same effect as if they were part of the original levels set forth in section 101. Therefore the adjusted levels are used to enforce points of order against legislation inconsistent with the allocations and aggregates included in the concurrent resolution on the budget.

Subsection (c) clarifies that the House Budget Committee determines the levels and estimates used to enforce points of order, as is the case for enforcing budget-related points of order, and the determination is made pursuant to section 312 of the Budget Act. This section of the Budget Act provides the chairman of the Budget Committee with the authority to advise the chairman of the House on the appropriate levels and estimates related to legislation being considered on the floor.

Subsection (d) provides for five-year enforcement periods. Though the authorizing committees receive a 10-year allocation, under Section 321 (d) of the House resolution, the Budget Committee will apply the various relevant

provisions of the Congressional Budget Act for only the first and five-year time period.

Section 401. Restrictions on Advance Appropriations

Section 401 imposes a limitation on advance appropriations similar to a provision included in the last several budget resolutions. It does two things: 1) It limits the total amount of advance appropriations; and 2) It limits the accounts for which advanced appropriations may be made. It establishes this procedure with regard to any advance appropriation for fiscal year 2004 and any year thereafter. An exception is provided for those programs specified in the Joint Statement of Managers, but the total advance appropriation must be lower than a specified level. The section defines an 'advance appropriation' as any new discretionary budget authority making general appropriations or continuing appropriations for fiscal year 2004 that first becomes available after 2004. This limitation is enforced by a point of order that may be raised against any measure including an advance appropriation not falling within the exception. The result of the point of order would be to remove the advance appropriation, but the measure would continue to be considered.

Section 402. Compliance With Section 13301 of the Budget Enforcement Act of 1990

Section 402 provides authority to include the administrative expenses related to Social Security in the allocation to the Appropriations Committee. This language is necessary to ensure that the Appropriations Committee retains control of administrative expenses through the Congressional budget process. In the 106th Congress, the Joint Leadership of the House and Senate Budget Committees decided to discontinue including administrative expenses in the budget resolution. This change was intended to make the budget resolution consistent with CBO's baseline which does not include administrative expenses for Social Security. At the same time, the Budget Committees believe that these expenses should continue to be reflected in the 302(a) allocations to the Appropriations Committee. Absent a waiver of section 302(a) of the Budget Act, the inclusion of these expenses in the allocation is construed as violating 302(a) of the Budget Act which states that the allocations must reflect the discretionary amounts in the budget resolution (and arguably, section 13301 of the Budget Enforcement Act, which states that Social Security benefits and revenues are off-budget).

Senate Amendment

Section 201. Extension of supermajority enforcement

The Senate amendment extends the 60-vote requirement for five years (until September 30, 2008), for waivers and appeals with respect to those Budget Act points of order for which this supermajority requirement expired on September 30, 2002 (and was temporarily extended through April 15, 2003 in S. Res. 304, 107th Congress).

Section 202. Discretionary spending limits in the Senate

The Senate amendment sets out discretionary spending limits for the Senate for the first two years covered by the budget resolution (FY 2004 and 2005) with respect to both budget authority and outlays. It also sets limits for FY 2003 because no FY 2003 budget resolution was ever adopted. Since the advent of statutory discretionary spending limits in 1990, a majority of budget resolution conference reports have included language dealing with “congressional caps”¹.

The Senate amendment provides that the following amounts will be the discretionary spending limits:

For fiscal year 2003: \$770.860 billion in new budget authority and \$771.442 billion in outlays for the discretionary category; \$31.264 billion in outlays for the highway category, and \$1.436 billion in new budget authority and \$6.551 billion in outlays for the transit category, for a total of \$772.296 billion in new budget authority and \$809.257 billion in outlays.

For fiscal year 2004: \$788.459 billion in new budget authority and \$797.890 billion in outlays for the discretionary category; \$32.016 billion in outlays for the highway category, and \$2.209 billion in new budget authority and \$6.746 billion in outlays for the transit category, for a total of \$790.668 billion in new budget authority and \$836.652 billion in outlays.

For fiscal year 2005: \$813.597 billion in new budget authority and \$814.987 billion in outlays for the discretionary category; \$34.665 billion in outlays for the highway category, and \$2.544 billion in new budget authority and \$7.109 billion in outlays for the transit category, for a total of \$816.141 billion in new budget authority and \$856.761 billion in outlays.

The Senate amendment also provides for a number of so-called cap adjustments. The cap adjustments permit the Chairman of the Committee on the Budget to increase the spending limit, the section 302(a) allocations to the Committee on Appropriations, and any other appropriate levels in the resolution if an appropriations bill provides additional resources for the programs specified in the adjustment. The Senate amendment provides that spending and allocations may be adjusted for: (1) emergency spending, (2) funding for Part B grants under the

¹ See: section 12(b) of H. Con. Res. 64 (103rd Cong.) the FY 1994 Concurrent Resolution on the Budget; section 24 of H. Con. Res. 218 (103rd Cong.) the FY 1995 Concurrent Resolution on the Budget; Section 201 of H. Con. Res. 67 (104th Cong.) the FY 1996 Concurrent Resolution on the Budget; Section 301 of H. Con. Res. 178 (104th Cong.) the FY 1997 Concurrent Resolution on the Budget; Section 201 of H. Con. Res. 84 (105th Cong.) the FY 1998 Concurrent Resolution on the Budget (all establishing multiyear caps); Section 206 of H. Con. Res. 290 (106th Cong.) the FY 2001 Concurrent Resolution on the Budget; Section 203 of H. Con. Res. 83 (107th Cong.) the FY 2002 Concurrent Resolution on the Budget (both providing a mechanism to accommodate an increase to the current year’s statutory cap).

Individuals with Disabilities Education Act (IDEA), and (3) highway and transit programs.

These discretionary spending limits are enforced by a 60-vote point of order on two fronts: (1) there will be a point of order against the FY 2005 budget resolution if it exceeds the limits set forth in this resolution (or against any revision to the FY 2004 resolution that does so) and (2) there will be a point of order against any appropriations bill that causes the discretionary limits to be exceeded.

Section 203. Restriction on advance appropriations in the Senate

The Senate amendment once again includes language limiting the use of advance appropriations. This restriction was first included in the FY 2001 budget resolution and was included and revised in the FY 2002 resolution as well. The Senate amendment continues to limit advance appropriations to an annual limit of \$23.158 billion with respect to both the FY 2004 and 2005 appropriations bills and to those programs, which are listed in the statement of managers accompanying the conference report on the budget resolution. The amendment also continues the exception for advances with respect to the Corporation for Public Broadcasting.

The list of permissible advances is as follows:

Accounts Identified for Advance Appropriations

Interior

Elk Hills

Labor, HHS

Employment and Training Administration

Education for the Disadvantaged

School Improvement

Children and Family Services (Head Start)

Special Education

Vocational and Adult Education

Treasury, Postal

Payment to Postal Service

Veterans', HUD

Section 8 Renewals

Section 204. Emergency Legislation

With respect to emergency spending, the Senate amendment addresses two issues: the ability to designate spending as an emergency and the restatement of the 60-vote point of order in the Senate with respect to the use of that designation.

The authority to designate spending as an “emergency” existed as a part of the statutory discretionary spending limits and the pay-as-you-go rules set out in sections 251 and 252 of the Balanced Budget and Emergency Deficit Control Act of 1985. The purpose of the designation was to create a “safety valve” for unexpected, emergency expenditures with respect to the sequestration mechanism which served as the underlying enforcement mechanism for the caps and PAYGO. With the expiration of section 251 on September 30, 2002 and the de facto expiration of section 252 by virtue of setting the scorecard to zero for all fiscal years, the Senate amendment reestablishes the authority of Congress to designate spending and revenue changes as an emergency. In doing so, the resolution specifies the criteria used in the definition of an emergency and requires committee reports and statements of managers to justify the use of emergency designations vis a vis these criteria. The criteria are as follows:

An expenditure may be designated an emergency if it is –

- (i) necessary, essential, or vital (not merely useful or beneficial);
- (ii) sudden, quickly coming into being, and not building up over time;
- (iii) an urgent, pressing, and compelling need requiring immediate action;
- (iv) unforeseen (see below), unpredictable, and unanticipated;

note: an emergency that is part of an aggregate level of anticipated emergencies, particularly when normally estimated in advance, is not unforeseen.

If an item of discretionary spending is accompanied by an emergency designation then the discretionary spending limit and the allocation to the Committee on Appropriations will be adjusted accordingly (as well as all other appropriate levels in the resolution). If a revenue reduction or mandatory spending increase is accompanied by an emergency designation, then the committee allocation and the Senate’s pay-go scorecard will be adjusted accordingly (again, as well as all other appropriate levels in the resolution).

The Senate amendment also revises the Senate’s emergency designation point of order. This point of order was first included in the FY 2000 budget resolution. This point of order allows any member to question the use of an emergency designation while the bill, amendment or conference report containing the designation is before the Senate. Once the point of order is made, it will require 60-votes to waive the point of order and keep the designation. If the motion to waive is not successful, the designation is removed from the measure while the spending or revenue provision remains, potentially making the measure subject to a Budget Act point of order, which too would require 60-votes to overcome. The removal of the designation is accomplished by the same method as provided for in the Byrd Rule (section 313 of the Congressional Budget Act).

The language in the Senate amendment differs from past resolutions only to the extent that the references to sections 251 and 252 of the BBEDCA have been replaced with a cross reference to subsection (a) of this section, which provides the authority for the use of the designation. In addition, spending for homeland security programs would be exempt from the point of order as has been the case with defense spending.

Section 205. Pay-as-you-go point of order in the Senate

The Senate amendment revises and extends the Senate's pay-as-you-go point of order. The original pay-as-you-go point of order first appeared in the FY 1994 budget resolution. Its most recent incarnation expired in its entirety on September 30, 2002. The point of order was revised and extended in S. Res. 304 (107th Congress) through April 15, 2003. S. Res 304 included a new provision within the pay-as-you-go rule making the rule applicable to mandatory spending in appropriation bills in order to prevent the exploitation of the fact that there were no limits on discretionary spending for FY 2003 due to the expiration of the discretionary spending limits and the lack of a FY 2003 budget resolution.

The pay-as-you-go point of order included in the Senate amendment does not retain the expanded application to appropriation bills set out in S. Res. 304. Rather it resembles the previous versions of the rule with one specific exception: it will not apply to any spending or revenue changes that result from the implementation of the reconciliation instruction set out in section 104 of the Senate amendment (up to \$350 billion). It will nonetheless apply to all other mandatory spending and revenue changes provided for in the Senate amendment.

Section 221. Authority to make adjustments for changes in concepts and definitions

The Senate amendment provides that upon enactment of legislation that changes the nature of funding of an existing program from discretionary to mandatory (or vice versa), the Chairman of the Committee on the Budget will immediately adjust the levels in this resolution (including the discretionary spending limits) to reflect such a change.

Section 222. Application and effect of changes in allocations and aggregates

The Senate amendment contains language identical to section 221 of the FY 2002 budget resolution, which makes clear when adjustments made under Title II of the budget resolution will take effect.

Section 223. Exercise of Rulemaking Powers

The Senate amendment includes language identical to section 222 of the FY 2002 budget resolution which simply states Congress' authority to legislate rule of procedure for either chamber.

Conference Agreement

Section 501. Restrictions on Advance Appropriations

Section 501 of the Conference Agreement retains the language of both section 401 of the House resolution and section 203 of the Senate amendment.

Subsection (a) applies to the House; it limits which programs may receive an advance appropriation and an overall amount of advanced appropriations. Advance appropriations may be provided for the accounts in the appropriation bills listed below, provided that their sum does not exceed \$23.158 billion in budget authority. Advance appropriations are defined as any discretionary budget authority in a measure for fiscal year 2004 which first becomes available in a year after that fiscal year. This limitation is enforced by a point of order that may be raised against any measure including an advance appropriation not falling within the exception. The result of the point of order would be to remove the advance appropriation, but the measure would continue to be considered.

Accounts Identified For Advanced Appropriations

Part A: Advanced Appropriations for Fiscal Year 2005

INTERIOR APPROPRIATIONS

Elk Hills (89 5428 02 271)

LABOR, HEALTH AND HUMAN SERVICES, EDUCATION APPROPRIATIONS

Employment and Training administration (16 0174 01 504)

Education for the Disadvantaged (91 0900 01 501)

School Improvement (91 1000 01 501)

Children and Family Services [Head Start] (75 1536 01 506)

Special Education (91 0300 01 501)

Vocational and Adult Education (91 0400 01 501)

TREASURY, GENERAL GOVERNMENT APPROPRIATIONS

Payment to Postal Service (18 1001 01 372)

VETERANS, HOUSING AND URBAN DEVELOPMENT APPROPRIATIONS

Section 8 Renewals (86 0319 01 604)

Part B: Advanced Appropriations for Fiscal Year 2006

LABOR, HEALTH AND HUMAN SERVICES, EDUCATION APPROPRIATIONS

Corporation for Public Broadcasting (20 0151 01 503)

Subsection (b) applies in the Senate and is virtually identical to the language in section 203 of the Senate amendment and sets an overall limit of \$23.158 billion

per year. The Conference Agreement modifies the Senate language only to the extent that the explicit exception for the Corporation for Public Broadcasting is moved from the text of the resolution to the list set out below. A conforming change is made to the definition of an advance appropriation to make clear that its inclusion on the list below, covers the advance for both the 1st and 2nd years.

The list of permissible advances is as follows:

Accounts Identified for Advance Appropriations

Interior

Elk Hills (89 5428 02 271)

Labor, HHS

Corporation for Public Broadcasting (20 0151 01 503)

Employment and Training Administration (16 0174 01 504)

Education for the Disadvantaged (91 0900 01 501)

School Improvement (91 1000 01 501)

Children and Family Services (Head Start) (75 1536 01 506)

Special Education (91 0300 01 501)

Vocational and Adult Education (91 0400 01 501)

Treasury, Postal

Payment to Postal Service (18 1001 01 372)

Veterans', HUD

Section 8 Renewals (86 0319 01 604)

Section 502. Emergency Legislation

Section 502 the House recedes to the Senate on its regimen relating to the budgetary treatment of emergencies. With some modifications, it extends to the House the authority of Congress to designate spending-related legislation as an emergency for purposes of budget enforcement, adopts criteria for emergency spending, and requires committees to justify emergency-designated provisions. The point of order in the Senate amendment, however, continues to apply only to the Senate.

Section 502(a) of the Conference Agreement includes a statement of intent that, in the absence of the extension of the discretionary spending limits and PAYGO requirements under the Balanced Budget and Emergency Deficit Control Act of 1985, the section enables Congress to designate provisions of legislation as emergencies. The House conferees note that this regimen is similar to H.R. 853, which was reported by the House Budget Committee in the 106th Congress.

Subsections (b) sets forth the procedure in the House governing emergencies designated spending (or receipts). It extends the automatic exemption for emergency-designated spending (and receipts) from the budget resolution, which

was in effect until the statutory discretionary spending limits and PAYGO requirements expired last September. If an urgent need arises after the budget resolution is adopted, the committee of jurisdiction could designate the emergency-related provisions as an emergency requirement pursuant to this section.

Instead of adjusting the allocations and budget aggregates by the designated amount, subsection (b) provides that spending (or receipts) resulting from such measure would not be counted for purposes of determining whether the measure complies with the budget resolution or related requirements under the Budget Act of 1974. The conferees note that this is consistent with congressional scoring conventions prior to the Balanced Budget Act of 1997. Assuming the measure is otherwise in compliance with the budget resolution, it would not be subject to a point of order under sections 302(f), 303(a), 311(a) or 401 of the Congressional Budget Act of 1974. The same would be true with a violation of

In subsection (b)(2), committees reporting legislation that includes an emergency designation are required to include in the accompanying report, or the conference committee in the joint statement of managers, a statement justifying the emergency designation on the basis of the following criteria:

- Necessary, essential, or vital;
- Sudden, quickly coming into being and building up over time;
- Urgent, pressing and completing need requiring immediate action;
- Unforeseen unpredictable and anticipated; and
- Not permanent, temporary in nature.

The conferees note that this definition was originally developed by the previous Bush Administration as part of an OMB Circular (A-11) on the preparation and submission of budget estimates.

Section 502(c) of the Conference Agreement retains the language of section 204 of the Senate amendment (which provides the authority to use an emergency designation and creates a supermajority point of order to police the use of the designation) with a number of modifications.

The Conference Agreement strengthens the requirement that committees in both Houses provide a justification for use of the designation vis a vis the criteria listed in subsection (b)(2) and (c)(3).

The point of order with respect to the use of the designation applies only in the Senate and contains some technical changes with respect to the execution of the point of order that were recommended by the Parliamentarian of the Senate. It is the view of the Conferees that the exception for "homeland security" spending could not be included at this time due to the lack of consensus between the Congress and the Executive branch as to exactly what programs, projects or activities should qualify for the exception. It may be possible to do so in the future.

Section 503. Extension of Supermajority Enforcement

Section 503 of the Conference Agreement retains the language of section 201 of the Senate amendment extending 60-vote enforcement for five years.

Section 504. Discretionary spending limits in the Senate

Section 504 of the Conference Agreement retains the language of section 202 of the Senate amendment which sets forth discretionary spending limits in the Senate only for fiscal years 2003, 2004 and 2005 with a number of modifications. The limits BA for FY 2003 now include the amounts included in the supplemental appropriations bill that is being considered at the same time as the conference on the budget resolution, with outlays reflected accordingly.

The Conference Agreement provides that the following amounts will be the discretionary spending limits in the Senate:

For fiscal year 2003: \$839.118 billion in new budget authority and \$805.146 billion in outlays for the discretionary category; \$31.264 billion in outlays for the highway category, and \$1.436 billion in new budget authority and \$6.551 billion in outlays for the transit category, for a total of \$840.554 billion in new budget authority and \$842.961 billion in outlays.

For fiscal year 2004: \$782.999 billion in new budget authority and \$822.563 billion in outlays for the discretionary category; \$31.555 billion in outlays for the highway category, and \$1.461 billion in new budget authority and \$6.634 billion in outlays for the transit category, for a total of \$784.460 billion in new budget authority and \$860.752 billion in outlays.

For fiscal year 2005: \$812.598 billion in new budget authority and \$817.883 billion in outlays for the discretionary category; 33.393 billion in outlays for the highway category, and \$1.488 billion in new budget authority and \$6.726 billion in outlays for the transit category, for a total of \$814.086 billion in new budget authority and \$858.002 billion in outlays.

The Conference Agreement also provides that these limits may be adjusted for emergency spending (pursuant to section 502) and for additional resources for transportation (pursuant to section 411).

Section 505. Pay-As-You-Go Point of Order In the Senate

The Senate pay-as-you-go point of order included in the Conference Agreement reflects the language in the Senate-reported resolution and will apply on a post-budget resolution policy basis; that is, it will not apply to direct spending or revenue changes assumed in this resolution. To accomplish this, a scorecard will be maintained by the Chairman of the Committee on the Budget that will set out the total level of change to the deficit assumed by this budget resolution

Conference Agreement. Subsequent legislation will be measured against these balances.

The following table shows the total of revenue and direct spending policy assumptions in the Conference Agreement on the budget resolution:

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004 -08	2004 -13
PAY GO Score Card	64.789	155.946	149.364	133.611	119.017	121.625	85.416	87.650	218.726	302.840	316.973	679.563	1691.168

Section 506. Compliance with Section 13301 of the Budget Enforcement Act of 1990.

Section 506 retains the language of section 402 of the House resolution regarding the budgetary treatment in the House of discretionary spending for the Social Security Administration.

Section 507. Application and Effect of Changes in Allocations and Aggregates

Section 507 of the Conference Agreement retains the language of section 321 of the House resolution (which is virtually identical to Section 204 of the Senate amendment) clarifying the process for implementing any adjustment made pursuant to the reserve funds and the status of these adjusted levels. It further clarifies that the Budget Committee determines scoring for purposes of points of order. The section also makes clear that, for the purpose of enforcing provisions of the Congressional Budget Act in the House, legislation must be within a reporting committee's allocation for fiscal year 2004 and the period of fiscal years 2004 through 2008.

Section 508. Adjustments to Reflect Changes in Concepts and Definitions

Section 508 of the Conference Agreement retains the language of section 221 of the Senate amendment and applies it to the House. It provides that upon enactment of legislation that changes funding of an existing program from discretionary to mandatory (or vice versa), the Chairman of the Committee on the Budget will immediately adjust the levels in this resolution (including the discretionary spending limits) to reflect such a change.

ALLOCATIONS

As required in section 302 of the Congressional Budget Act, the joint statement of managers includes an allocation, based on the Conference Agreement, of total budget authority and total budget outlays among each of the appropriate committees. The allocations are as follow:

ALLOCATION OF SPENDING AUTHORITY TO HOUSE APPROPRIATIONS COMMITTEE
[In millions of dollars]

	2003	2004
Discretionary Action:		
BA	840,554	784,460
OT	842,961	860,752
Current Law Mandatory:		
BA	391,344	426,127
OT	378,717	409,870

ALLOCATIONS OF SPENDING AUTHORITY TO HOUSE COMMITTEES OTHER THAN APPROPRIATIONS

(Dollars in millions)

Fiscal year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13
Agriculture Committee:													
Current Law	19,840	20,509	22,792	22,501	21,709	20,518	5,720	5,897	6,014	6,028	5,991	108,029	137,679
BA	15,480	16,561	19,201	19,449	18,467	17,078	2,734	3,151	3,429	3,754	3,712	90,756	107,536
OT													
Reauthorizations:													
BA						26,803	43,206	43,226	43,260	43,405	43,736	26,803	243,636
OT						25,586	43,169	43,188	43,221	43,367	43,696	25,586	242,227
Total:													
BA	19,840	20,509	22,792	22,501	21,709	47,321	48,926	49,123	49,274	49,433	49,727	134,832	381,315
OT	15,480	16,561	19,201	19,449	18,467	42,664	45,903	46,339	46,650	47,121	47,408	116,342	349,763
Armed Services Committee:													
Current Law:	74,000	77,493	80,663	83,445	86,350	89,324	92,292	95,417	98,608	101,899	105,348	417,275	910,839
BA	73,476	77,295	80,459	83,291	86,195	89,166	92,132	95,253	98,438	101,723	105,167	416,406	909,119
OT													
Discretionary Action:													
BA	70	70										70	70
OT		34	32	4								70	70
Total:													
BA	74,000	77,563	80,663	83,445	86,350	89,324	92,292	95,417	98,608	101,899	105,348	417,345	910,909
OT	73,476	77,329	80,491	83,295	86,195	89,166	92,132	95,253	98,438	101,723	105,167	416,476	909,189
Committee on Education and the Workforce:													
Current Law:	5,069	4,809	5,666	6,357	6,656	6,887	7,091	7,273	7,452	7,630	7,885	30,375	67,706
BA	4,516	4,121	5,053	5,637	5,942	6,212	6,401	6,572	6,733	6,897	7,138	26,965	60,706
OT													
Discretionary Action:													
BA	130	39	38	38	43	43	42	45	44	44	43	201	419
OT	115	47	47	47	52	52	52	57	57	57	57	245	525
Reauthorizations:													
BA		393	404	415	3,503	3,583	3,667	3,664	3,843	3,933	4,027	8,298	27,432
OT		330	402	413	2,422	3,419	3,629	3,728	3,816	3,906	3,999	6,986	26,064
Total:													
BA	5,199	5,241	6,108	6,810	10,202	10,513	10,800	10,982	11,339	11,607	11,955	38,874	95,557
OT	4,631	4,498	5,502	6,097	8,416	9,683	10,082	10,357	10,606	10,860	11,194	34,196	87,295

Energy and Commerce Committee:

Current Law:	10,433	10,710	11,718	11,824	12,845	7,807	7,773	7,882	8,009	8,099	8,234	54,904	94,901
BA	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
OT	11,987	12,071	11,900	12,003	12,455	10,289	8,154	7,719	7,615	7,732	7,849	58,718	97,787
Discretionary Action:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
BA	.....	-170	-480	-910	1,250	749	-1,996	-2,161	-2,296	-4,780	-4,904	439	-15,698
OT	.....	-170	-480	-910	1,250	749	-1,996	-2,161	-2,296	-4,780	-4,904	439	-15,698
Reauthorizations:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
BA	.....	.....	.....	.....	.....	5,040	5,040	5,040	5,040	5,040	5,040	5,040	30,240
OT	.....	.....	.....	.....	.....	2,345	4,470	5,130	5,446	5,465	5,443	2,345	28,239
Total:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
BA	10,433	10,540	11,238	10,914	14,095	13,596	10,817	10,761	10,753	8,359	8,370	60,383	109,443
OT	11,987	11,901	11,420	11,093	13,705	13,383	10,628	10,688	10,765	8,417	8,388	61,502	110,388

Financial Services Committee:

Current Law:	6,100	7,406	8,430	8,365	7,702	7,558	7,456	7,568	7,795	7,938	8,170	39,461	78,388
BA	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
OT	1,951	2,139	2,740	1,921	894	650	435	170	-228	-622	-619	8,344	7,480
Discretionary Action:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
BA	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
OT	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
BA	6,100	7,406	8,430	8,365	7,702	7,558	7,456	7,568	7,795	7,938	8,170	39,461	78,388
OT	1,951	2,514	3,265	2,496	944	375	160	-130	-528	-822	-619	9,594	7,655

Government Reform Committee:

Current Law:	66,645	68,243	71,550	74,376	77,325	80,696	84,320	88,242	92,163	95,997	99,999	372,190	832,911
BA	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
OT	65,140	66,710	70,071	72,959	75,902	79,272	82,863	86,817	90,798	94,705	98,875	364,914	818,972
Discretionary Action:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
BA	.....	-1	.....	-1	.....	-1	-1	-1	-1	-1	-1	-3	-8
OT	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Total:	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
BA	66,645	68,242	71,550	74,375	77,325	80,695	84,319	88,241	92,162	95,996	99,998	372,187	832,903
OT	65,140	66,710	70,071	72,959	75,901	79,272	82,862	86,816	90,797	94,704	98,874	364,913	818,966

Committee on House Administration:

Current Law:	82	82	83	82	81	80	79	79	79	79	79	408	803
BA	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
OT	85	246	38	23	54	213	79	61	55	208	48	574	1,025

ALLOCATIONS OF SPENDING AUTHORITY TO HOUSE COMMITTEES OTHER THAN APPROPRIATIONS—Continued
[Dollars in millions]

Fiscal year	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2004-08	2004-13
International Relations Committee:													
Current Law:													
BA	13,633	9,825	11,398	12,424	12,665	12,912	13,162	13,417	13,679	13,911	14,147	59,224	127,540
OT	11,441	11,746	10,704	10,749	11,052	11,374	11,680	11,953	12,231	12,503	12,810	55,625	116,802
Resources Committee:													
Current Law:													
BA	3,832	3,840	3,676	3,740	3,739	3,050	2,981	3,039	3,112	3,196	3,272	18,045	33,645
OT	3,412	3,437	3,200	3,540	3,585	3,145	2,969	2,912	2,965	3,040	3,098	16,907	31,891
Discretionary Action:													
BA	7	24	118	124	126	130	133	137	139	143	146	522	1,220
OT	7	24	9	76	109	124	127	129	132	134	139	342	1,003
Total:													
BA	3,839	3,864	3,794	3,864	3,865	3,180	3,114	3,176	3,251	3,339	3,418	18,567	34,865
OT	3,419	3,461	3,209	3,616	3,694	3,269	3,096	3,041	3,097	3,174	3,237	17,249	32,894
Judiciary Committee:													
Current Law:													
BA	5,914	6,942	5,749	5,783	5,862	5,959	6,154	6,263	6,366	6,466	6,582	30,295	62,126
OT	5,870	6,082	6,101	5,985	5,838	5,888	6,065	6,137	6,218	6,306	6,418	29,894	61,038
Discretionary Action:													
BA	19	19	19	19	19	19	19	19	19	19	19	95	190
OT	19	19	19	19	19	19	19	19	19	19	19	95	190
Total:													
BA	5,914	6,961	5,768	5,802	5,881	5,978	6,173	6,282	6,385	6,485	6,601	30,390	62,316
OT	5,870	6,101	6,120	6,004	5,857	5,907	6,084	6,156	6,237	6,325	6,437	29,989	61,228
Transportation and Infrastructure Committee:													
Current Law:													
BA	69,531	8,038	14,449	13,581	13,345	13,583	13,804	14,129	14,407	14,798	15,284	62,996	135,418
OT	30,724	13,244	14,935	13,854	13,503	13,642	13,835	14,136	14,403	14,793	15,283	69,178	141,628
Discretionary Action:													
BA	9,256	9,256	5,890	6,868	8,942	10,178	10,965	9,983	10,000	10,019	10,038	41,134	92,139
OT													
Reauthorizations:													
BA	40,231	40,231	40,231	40,231	40,231	40,231	40,231	40,231	40,231	40,231	40,231	201,155	402,310
OT	173	441	550	550	588	613	626	639	639	639	639	2,365	5,547

Total:	69,531	57,525	60,570	60,680	62,518	63,992	65,000	64,343	64,638	65,048	65,553	305,285	629,867
BA	30,724	13,417	15,376	14,404	14,091	14,255	14,461	14,775	15,042	15,432	15,922	71,543	147,175
OT													
Science Committee:													
Current Law:													
BA	130	55	56	57	59	60	61	63	65	67	68	287	611
OT	122	123	120	90	72	60	60	62	64	65	67	465	783
Small Business Committee:													
Current Law:													
BA	864	3	1	1	1							6	6
OT	792	-6				-1	-1	-1	-1	-1	-1	-7	-12
Veterans' Affairs Committee:													
Current Law:													
BA	1,171	1,311	1,297	1,310	1,319	1,324	1,310	1,291	1,254	1,207	1,158	6,561	12,781
OT	1,042	1,217	1,228	1,250	1,262	1,270	1,262	1,250	1,224	1,185	1,142	6,227	12,290
Reauthorizations:													
BA		429	1,129	1,766	2,254	3,080	3,791	4,540	5,657	5,566	6,750	8,658	34,962
OT		419	1,129	1,746	2,231	3,072	3,773	4,481	5,636	5,505	6,688	8,597	34,680
Total:		1,740	2,426	3,076	3,573	4,404	5,101	5,831	6,911	6,773	7,908	15,219	47,743
BA	1,171	1,636	2,357	2,996	3,493	4,342	5,035	5,731	6,860	6,690	7,830	14,824	46,970
OT	1,042												
Ways and Means Committee:													
Current Law:													
BA	728,516	728,732	792,780	855,434	906,045	955,712	1,009,838	1,064,521	1,123,340	1,164,783	1,214,151	4,238,703	9,815,336
OT	731,399	732,853	796,856	852,561	906,718	956,342	1,010,200	1,065,527	1,127,592	1,162,020	1,215,640	4,245,330	9,826,309
Discretionary Action:													
BA	4,444	1,334	4,458	3,862	3,343	2,608	2,145	168	-2,219	9,076	8,323	15,605	33,098
OT	4,380	762	4,486	3,890	3,483	2,781	2,133	221	-2,205	9,087	8,327	15,402	32,965
Reauthorizations:													
BA	3,417	16,889	16,889	16,889	16,889	17,788	17,808	17,829	17,851	17,873	17,897	85,344	174,602
OT	3,025	15,000	17,250	17,700	17,300	17,298	17,747	17,819	17,840	17,863	17,886	84,548	173,703
Total:													
BA	736,377	746,955	814,127	876,185	926,277	976,108	1,029,791	1,082,518	1,138,972	1,191,732	1,240,371	4,339,652	10,023,036
OT	738,804	748,615	818,992	874,151	927,501	976,421	1,030,080	1,083,567	1,143,227	1,188,970	1,241,853	4,345,280	10,032,977
Medicare:													
Discretionary Action (Reserve Fund):													
BA		7,000	na	na	na	na	na	na	na	na	na	na	400,000
OT		7,000	na	na	na	na	na	na	na	na	na	na	400,000

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302
OF THE CONGRESSIONAL BUDGET ACT: BUDGET YEAR TOTAL 2003

[Millions of dollars]

Committee	Direct spending jurisdiction		Entitlements funded in annual appropriations acts	
	Budget authority	Outlays	Budget authority	Outlays
Appropriations:				
General purpose discretionary	839,118	805,146	.....	.....
Memo:				
On-budget	835,306	801,308	.....	.....
Off-budget	3,812	3,838	.....	.....
Highways		31,264	.....	.....
Mass transit	1,436	6,551	.....	.....
Mandatory	391,344	378,717	.....	.....
Total	1,231,898	1,221,678	.....	.....
Agriculture, Nutrition, and Forestry	19,359	14,964	52,763	40,712
Armed Services	73,996	73,473	275	233
Banking, Housing and Urban Affairs	12,558	1,599	118	16
Commerce, Science and Transportation	10,590	7,255	885	814
Energy and Natural Resources	2,879	2,539	48	63
Environment and Public Works	30,830	2,372	.....	.....
Finance	759,763	763,470	286,512	286,509
Foreign Relations	13,595	11,366	183	183
Government Affairs	66,931	65,426	16,564	16,564
Judiciary	6,509	6,441	534	527
Health, Education, Labor and Pensions	5,328	4,805	2,814	2,801
Rules and Administration	82	85	104	103
Intelligence .....	.....	.....	223	223
Veterans' Affairs	1,171	1,109	30,321	29,969
Indian Affairs	456	444	.....	.....
Small Business	864	769	.....	.....
Unassigned to Committee	(371,644)	(358,647)	.....	.....
Total	1,865,165	1,819,148	391,344	378,717

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302
OF THE CONGRESSIONAL BUDGET ACT: BUDGET YEAR TOTAL 2004

[Millions of dollars]

Committee	Direct spending jurisdiction		Entitlements funded in annual appropriations acts	
	Budget authority	Outlays	Budget authority	Outlays
Appropriations:				
General purpose discretionary	782,999	822,563		
Memo:				
On-budget	778,742	818,356		
Off-budget	4,257	4,207		
Highways		31,555		
Mass transit	1,461	6,634		
Mandatory	426,949	410,619		
Total	1,211,409	1,271,371		
Agriculture, Nutrition, and Forestry	20,801	16,826	55,536	39,472
Armed Services	77,560	77,326	357	376
Banking, Housing and Urban Affairs	13,946	2,251	120	12
Commerce, Science and Transportation	10,908	6,518	827	843
Energy and Natural Resources	2,669	2,390	64	70
Environment and Public Works	35,654	2,312		
Finance	757,606	760,928	315,856	315,780
Foreign Relations	9,787	11,689	179	179
Government Affairs	68,533	67,000	17,362	17,362
Judiciary	7,883	7,230	511	523
Health, Education, Labor and Pensions	5,232	4,439	2,888	2,872
Rules and Administration	82	246	109	109
Intelligence			226	226
Veterans' Affairs	1,311	1,260	32,914	32,795
Indian Affairs	475	472		
Small Business	3	(23)		
Unassigned to Committee	(371,280)	(355,315)		
Total	1,852,579	1,876,920	426,949	410,619

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302
OF THE CONGRESSIONAL BUDGET ACT, 5-YEAR TOTAL: 2004-2008

[Millions of dollars]

Committee	Direct spending jurisdiction		Entitlements funded in annual appropriations acts	
	Budget authority	Outlays	Budget authority	Outlays
Agriculture	109,330	91,951	288,857	206,256
Armed Services	417,330	416,461	2,992	3,047
Banking, Housing and Urban Affairs	71,267	7,231	626	(104)
Commerce, Science, and Transportation	60,492	38,575	4,538	4,541
Energy and Natural Resources	11,991	10,905	320	333
Environment and Public Works	190,317	10,561		
Finance	4,501,491	4,510,575	1,824,189	1,823,275
Foreign Relations	59,034	55,412	876	876
Governmental Affairs	372,971	365,695	93,701	93,701
Judiciary	25,585	25,756	2,629	2,640
Health, Education, Labor, and Pensions	32,738	29,056	15,226	15,126
Rules and Administration	408	574	588	588
Intelligence			1,230	1,230
Veterans' Affairs	6,561	6,382	176,815	176,196
Indian Affairs	2,587	2,569		
Small Business	6	(59)		

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302
OF THE CONGRESSIONAL BUDGET ACT, 10-YEAR TOTAL: 2004-2013

[Millions of dollars]

Committee	Direct spending jurisdiction		Entitlements funded in annual appropriations acts	
	Budget authority	Outlays	Budget authority	Outlays
Agriculture	209,130	178,892	600,618	446,118
Armed Services	910,879	909,159	7,129	7,273
Banking, Housing and Urban Affairs	141,433	1,859	1,318	(176)
Commerce, Science, and Transportation	113,446	69,687	10,252	10,232
Energy and Natural Resources	22,263	20,458	640	653
Environment and Public Works	393,698	19,403		
Finance	10,593,061	10,608,189	4,487,111	4,485,223
Foreign Relations	127,160	116,399	1,733	1,733
Governmental Affairs	833,756	819,817	206,453	206,453
Judiciary	42,068	41,692	5,459	5,455
Health, Education, Labor, and Pensions	71,126	64,104	32,601	32,468
Rules and Administration	803	1,025	1,309	1,309
Intelligence			2,648	2,648
Veterans' Affairs	12,781	12,501	373,770	372,651
Indian Affairs	5,805	5,765		
Small Business	6	(76)		

ECONOMIC ASSUMPTIONS

Section 301(g)(2) of the Congressional Budget Act requires that the joint explanatory statement accompanying a conference report on a budget resolution set forth the common economic assumptions upon which the joint statement and conference report are based. The Conference Agreement is built upon the economic forecasts developed by the Congressional Budget Office [CBO] and presented in CBO's "The Budget and Economic Outlook: Fiscal Years 2004–2013" (January 2003).

House Resolution.— CBO's economic assumptions were used.

Senate Amendment.— CBO's economic assumptions were used.

Conference Agreement.— CBO's economic assumptions were used.

ECONOMIC ASSUMPTIONS OF BUDGET RESOLUTION

[Calendar years 2003–2013]

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Real GDP (percentage change year over year):	2.5	3.6	3.4	3.3	3.2	3.1	3.0	2.9	2.6	2.5	2.7
GDP Price Index (percentage change year over year):	1.6	1.7	2.0	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2
Consumer Price Index (percentage change year over year):	2.3	2.2	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Unemployment Rate (percent):	5.9	5.7	5.4	5.3	5.2	5.2	5.2	5.2	5.2	5.2	5.2
3-month Treasury Bill Rate (percent):	1.4	3.5	4.8	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9
10-year Treasury Note Rate (percent):	4.4	5.2	5.7	5.8	5.8	5.8	5.8	5.8	5.8	5.8	5.8

Source: CBO.

PUBLIC DEBT

The adoption of this Conference Agreement by the two Houses would result in the engrossment of a House Joint Resolution adjusting the level of the statutory limit on the public debt pursuant to House Rule XXVII. In consonance with clause 3 of that rule, the conferees contemplate a joint resolution of the following form:

“Resolved, by the Senate and the House of Representatives of the United States of America in Congress assembled, That subsection (b) of section 3101 of title 31, United States Code, is amended by striking out the dollar limitation contained in such subsection and inserting in lieu thereof \$7,384,000,000,000.”

If the joint resolution is enacted to raise the debt limit to the level contemplated by this conference agreement, the limit will be increased from \$6.4 trillion to \$7.384 trillion.

Legislative jurisdiction over the public debt remains with the Committee on Ways and Means. The debt rule does not preclude that committee from originating public debt limit bills whenever necessary.

OTHER PROVISIONS

The Senate amendment included 4 separate sections dealing with various reserve funds and or adjustments that have not been included in this Conference Agreement. These provisions are discussed below.

The Agreement does not include any language with respect to section 211 of the Senate amendment which provided an adjustment for Part B grant program under the Individuals with Disabilities Education Act. Additional funding for this program is assumed within the functional levels and discretionary spending limits set out in the Conference Agreement.

The Agreement also does not include any language with respect to section 218 of the Senate amendment which provided a reserve for the State grant program which is funded through the Land and Water conservation fund. The section 218 language was proposed only in conjunction with a reconciliation instruction to the Senate Committee on Energy and Natural Resources designed to facilitate exploration of the Arctic National Wildlife Refuge. This Conference Agreement does not include any such instruction, thus the reserve fund has become irrelevant.

The Agreement does not include any language with respect to section 319 of the Senate amendment which purported to provide a reserve fund to strengthen Social Security. As discussed above, the language was superfluous and thus was not adopted by the conferees.

The Agreement does not include any language with respect to section 329 of the Senate amendment which purported to create a \$100 billion reserve for the war in Iraq and subsequent reconstruction. Again the language was superfluous and has in fact been superseded by the President's request and Congress' action on a FY 2003 supplemental appropriations bill for just this purpose.

SENSES OF CONGRESS

House Resolution

The House Resolution did not include any Senses of the House or of Congress.

Senate Amendment

The Senate amendment contains twenty-seven "Sense of the Senate" provisions that were adopted either during the markup or during consideration on the Senate floor. Two other provisions calling for reserve funds were also adopted and included in Title III of the Senate amendment. They more appropriately should have appeared in Title II with other reserve funds and adjustments. These are non-binding statements.

- Section 301. Sense of the Senate on Federal employee pay
- Section 302. Sense of the Senate on Tribal colleges and universities
- Section 303. Sense of the Senate regarding the 504 small business credit program
- Section 304. Sense of the Senate regarding Pell Grants
- Section 305. Sense of the Senate regarding the National Guard
- Section 306. Sense of the Senate regarding weapons of mass destruction civil support teams
- Section 307. Sense of the Senate on emergency and disaster assistance for livestock and agriculture producers
- Section 308. Social Security restructuring
- Section 309. Sense of the Senate concerning State fiscal relief
- Section 310. Federal Agency Review Commission
- Section 311. Sense of the Senate regarding highway spending
- Section 312. Sense of the Senate concerning an expansion in health care coverage
- Section 313. Sense of the Senate on the State Criminal Alien Assistance Program
- Section 314. Sense of the Senate concerning programs of the Corps of Engineers
- Section 315. Radio interoperability for first responders
- Section 316. Sense of the Senate on corporate tax haven loopholes
- Section 317. Sense of the Senate on phased-in concurrent receipt of retired pay and veterans' disability compensation for veterans with service-connected disabilities rated at 60 percent or higher
- Section 318. Sense of the Senate concerning Native American Health
- Section 319. Reserve fund to strengthen social security
- Section 320. Sense of the Senate on providing tax and other incentives to revitalize rural America
- Section 321. Sense of the Senate concerning higher education affordability
- Section 322. Sense of the Senate concerning children's graduate medical education
- Section 323. Sense of the Senate on funding for criminal justice

Section 324. Sense of the Senate concerning funding for drug treatment programs
Section 325. Funding for after-school programs
Section 326. Sense of the Senate on the \$1,000 child credit
Section 327. Sense of the Senate concerning funding for domestic nutrition assistance programs
Section 328. Sense of the Senate concerning free trade agreement with the United Kingdom
Section 329. Reserve fund for possible military action and reconstruction in Iraq


Conference Agreement

The Conference Agreement contains the following Senses of the Senate:

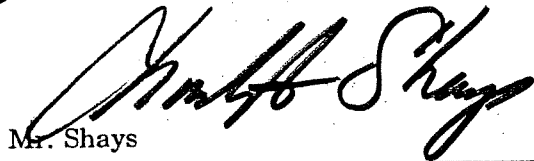
Section 601. Sense of the Senate on Federal employee pay.
Section 602. Sense of the Senate regarding Pell Grants.
Section 603. Sense of the Senate on emergency and disaster assistance for livestock and agriculture producers.
Section 604. Social Security restructuring
Section 605. Sense of the Senate concerning State fiscal relief
Section 606. Federal Agency Review Commission
Section 607. Sense of the Senate regarding highway spending
Section 608. Sense of the Senate on Reports and Liabilities and Future Costs
Section 609. Sense of the Senate concerning an expansion in health care coverage
Section 610. Sense of the Senate concerning programs of the Corps of Engineers
Section 611. Sense of the Senate concerning Native American Health
Section 612. Sense of the Senate on providing tax and other incentives to revitalize rural America
Section 613. Sense of the Senate concerning children's graduate medical education
Section 614. Sense of the Senate on funding for criminal justice
Section 615. Sense of the Senate concerning funding for drug treatment programs
Section 616. Sense of the Senate concerning free trade agreement with the United Kingdom

*Managers on the part of the
HOUSE*

*Managers on the part of the
SENATE*


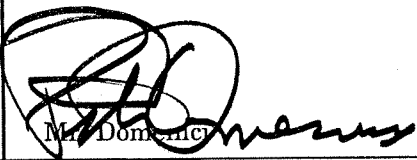

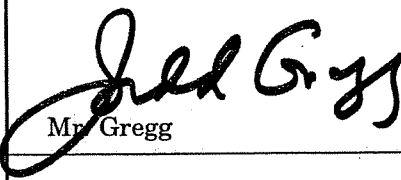


Mr. Nussle



Mr. Shays

~~John G. ...~~

<i>Managers on the part of the HOUSE</i>	<i>Managers on the part of the SENATE</i>
	Mr. Nickles 
	 Mr. Domenici
	 Mr. Grassley
	 Mr. Gregg
	Mr. [unclear]
	Mr. [unclear]
	Mr. [unclear]
	Mr. [unclear]